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Title: Weekly Market Update

Editor: Investment Analyst

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MSE Price Review (MWK) →

Counter	24-Feb-17	17-Feb-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	13589.36	13589.36	0.000	13320.51	2.02
DSI	10670.72	10670.72	0.000	10456.92	2.04
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	177.75	177.75	0.000	160.00	11.09
MPICO	8.60	8.60	0.000	7.83	9.83
NBM	238.00	238.00	0.000	237.12	0.37
NBS	6.00	6.00	0.000	6.00	0.00
NICO	13.00	13.00	0.000	17.00	-23.53
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	6.50	6.50	0.000	6.05	7.44
OML	1612.00	1612.00	0.000	1612.00	0.00

CAPITAL MARKET DEVELOPMENTS

The local bourse closed flat during the week in review as nine counters recorded trading activity. Trades were recorded on FMB, ILV, MPICO, NBM, NBS, NITL, SBM, SUN and TNM. A total of 20 deals were completed.

Market turnover increased week-over-week to MK15.1 million (Previous Week: MK9.6 million). Trade volume was also upbeat as 0.8 million shares changed hands compared to 0.3 million shares in the previous week.

There was no price movement on any of the counters that traded leading to all indices closing flat. The DSI and FSI closed at 10670.72 points and 2026.07 points respectively and consequently the MASI was firm at 13589.36 points.

CORPORATE EVENTS

Illovo Sugar Malawi Limited (ILV) has released a trading statement for the year ending 31 March, 2017. The company is advising the investing public that the profit after tax for the year will be at least 60 percent higher than the previous corresponding period. Management has attributed the performance to a more stable domestic consumption market and structural changes implemented across the country. Illovo made an after-tax profit of MK5.5 billion in FY 2016, a 59 percent drop in performance from MK13.5 billion in the previous year.

Furthermore, the company has changed the accounting policy for the valuation of sugar cane roots following the change in International Accounting Standard 41 (IAS 41) which now permits the valuation of such assets at cost less accumulated depreciation. According to the interim results for HY2017, the profit after tax of the prior year will be restated downwards to MK1.8 billion from MK5.5 billion. The increase in the company's profit after tax for the year ending 31 March, 2017 will be at least 200 percent higher than the restated profit for year ended 31st March, 2016.

Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		5.21	1891.88	8.44	0.87
DSI		2.71	85.35	9.41	1.60
BHL	20.25	4.94	100.00	5.94	0.55
FMB	16.00	4.38	70.00	9.68	1.61
ILV	177.75	0.00	0.00	23.02	2.70
MPICO	8.60	0.00	0.00	25.45	1.14
NBM	238.00	4.25	1007.00	8.31	2.07
NBS	6.00	0.00	0.00	N/A	0.39
NICO	13.00	6.67	100.00	2.46	0.42
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	6.50	4.84	30.00	12.05	4.17
OML	1 612.00	5.38	8674.00	8.44	0.87

TB Auction & Money Market Developments

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Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	978.66	934.57	12 675.55
Allotted (MK' m)	583.24	934.57	3 385.14
% Rejection	40.40%	0.00%	73.29%
Average	23.50	25.35	25.25
Current yield (%)	23.99	25.40	25.35
Previous yield (%)	23.98	25.34	25.58
Δ in Yield (%)	0.01	0.06	(0.22)
Highest Accepted Yield (%)	24.00	25.40	25.50
Lowest Accepted Yield (%)	23.00	25.30	25.00
Spread	1.00	0.10	0.50
Auction date	21-Feb-17	21-Feb-17	21-Feb-17
Settlement date	23-Feb-17	23-Feb-17	23-Feb-17
Maturity date	25-May-17	24-Aug-17	22-Feb-18
Next auction	28-Feb-17	28-Feb-17	28-Feb-17

MONEY MARKET DEVELOPMENTS

The monetary authorities allotted MK 4,902.95 million from the MK14, 588.78 million that was applied for during the TB auction held on 21st February, 2017. Investors' preference was for longer tenors with the 364TB accounting for 87% of the applications. The rejection rate for the auction was high at 66.39 percent. Yields were buoyant on the 91TB and 182TB but decreased by 22 bps on the 364TB.

Liquidity was tight in the banking system as excess reserves dropped to a negative MK0.7 billion from MK5.3 billion in the previous week. The overnight interbank lending rate hovered around 23.00 percent, unchanged from the previous week.

The USD traded flat during the week in review at MK725.43. The EUR depreciated by 0.87 percent but the GBP, JPY and ZAR appreciated against the Malawi Kwacha by 0.38 percent, 0.44 percent and 0.80 percent against the Malawi Kwacha. Total foreign exchange reserves dropped by 1.5 percent to US\$929.7 million from US\$944.1 million

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FX Movement	24-Feb-17	17-Feb-17	% Δ Wk	31-Dec-16	% Δ Ytd	Volatility
MWK/USD	725.43	725.43	0.00	725.43	0.00	0.00
MWK/GBP	910.12	906.71	0.38	890.61	2.19	2.92
MWK/EUR	767.42	774.17	(0.87)	764.02	0.45	1.18
MWK/JPY	6.62	6.59	0.44	6.40	3.44	0.01
MWK/ZAR	56.65	56.21	0.80	53.67	5.55	0.35

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	23-Feb-17	17-Feb-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	593.24	595.71	606.93	(0.41)	(2.26)
Gross Official Import Cover (months)	2.84	2.85	2.90	(0.35)	(2.07)
Private Sector Reserves (US\$ ml)	336.49	348.41	336.61	(3.42)	(0.04)
Private Sector Import Cover (months)	1.61	1.67	1.61	(3.59)	0.00

Source: RBM

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