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Title: Weekly Market Update

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MSE Price Review (MWK) →

Counter	21-Jul-17	14-Jul-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	16693.07	16245.61	2.75	13320.51	25.32
DSI	13118.77	12763.00	2.79	10456.92	25.46
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	216.15	216.15	0.00	160.00	35.09
MPICO	8.50	8.00	6.25	7.83	8.56
NBM	265.99	265.00	0.37	237.12	12.18
NBS	6.88	6.00	14.67	6.00	14.67
NICO	17.00	14.80	14.86	17.00	0.00
NITL	50.00	50.00	0.00	34.00	47.06
PCL	570.00	570.00	0.00	540.00	5.56
SBM	650.00	625.00	4.00	500.00	30.00
SUN	64.00	64.00	0.00	58.50	9.40
TNM	10.14	9.40	7.87	6.05	67.60
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	11.87	0.95
DSI		2.90	102.08	9.43	1.76
BHL	25.00	4.00	100.00	7.33	0.68
FMB	18.61	2.69	50.00	5.68	1.37
ILV	216.15	0.00	0.00	21.78	4.21
MPICO	8.50	0.00	0.00	9.82	0.70
NBM	265.99	6.72	1788.00	7.48	1.83
NBS	6.88	0.00	0.00	N/A	2.94
NICO	17.00	2.35	40.00	6.48	0.55
NITL	50.00	2.00	100.00	N/A	1.03
PCL	570.00	2.31	1250.00	3.98	0.66
SBM	650.00	3.93	25.57	7.85	2.43
SUN	64.00	0.63	40.00	12.53	1.27
TNM	10.14	3.25	33.00	12.41	4.88
OML	1 850.00	2.92	5394.00	12.12	0.92

CAPITAL MARKET DEVELOPMENTS

The market recorded strong gains during the week in review as the bullish rally continued. BHL was the only counter to close the week without a single trade as 32 deals were completed. Market turnover slightly dropped week-over-week from MK159.2 million to MK142.8 million but trade volume was still upbeat despite the marginal drop in turnover as it increased to 6.0 million from 5.3 million shares.

The MASI went up by 2.8 percent courtesy of gains on MPICO (+6.25%), NBM (+0.37%), NBS (+14.67%), NICO (+14.86%), SBM (+4.00%) and TNM (+7.87%). Market capitalisation went up by a staggering MK32.9 billion as the DSI closed 355.77 points higher at 13,118.77 points from 12,763.00 points. The FSI was steady at 2325.21 points but the gains on the DSI were enough to push the MASI through to 16693.07 points from 16,245.61 points.

CORPORATE EVENTS

NICO Holdings Plc (NICO) and Eris Property Group of South Africa have announced the formation of a combined property services company. The joint venture will be effective from 1st August, 2017 and will operate under the Eris Properties Malawi brand. Eris Property Group has been operating since 1985 and has USD2.25 billion worth of property under management.

Illovo (ILV) is inviting shareholders to a results presentation on the financial results for the year ended 31st March, 2017. The event will take place at National Bank Learning and Growth Centre, Blantyre on 1st August, 2017 from 09.00 to 10:30.

ECONOMIC EVENTS

The 2016/17 fiscal year ended 30th June, 2017 closed on high note for the Malawi Revenue Authority (MRA) which collected K767.6 billion in taxes, K42.6 billion above the K725.1 billion target. The MRA Commissioner General, Mr. Tom Gray Malata attributed the exceptional performance to improved voluntary tax compliance by taxpayers as well as modernization initiatives that the Authority implemented to improve taxpayer services and reduce the cost of compliance. (Source: MRA)

TB Auction & Money Market Developments



Treasury Bill Tenors (days)	91	182	364
Applied for (MK' million)	190.34	358.92	12 557.06
Allotted (MK' million)	190.34	358.92	12 557.06
% Rejection	0.00%	0.00%	0.00%
Average	16.50	17.69	19.00
Current yield (%)	16.98	17.82	19.00
Previous yield (%)	16.89	17.89	18.89
Δ in Yield (%)	0.09	(0.07)	0.11
Highest Accepted Yield (%)	17.00	18.00	19.00
Lowest Accepted Yield (%)	16.00	17.38	19.00
Spread	1.00	0.62	-
Auction date	18-Jul-17	18-Jul-17	18-Jul-17
Settlement date	20-Jul-17	20-Jul-17	20-Jul-17
Maturity date	19-Oct-17	18-Jan-18	19-Jul-18
Next auction	25-Jul-17	25-Jul-17	25-Jul-17

MONEY MARKET DEVELOPMENTS

The Treasury Bill auction held on 18th July, 2017 attracted MK13.1 billion in bids which were all fully allotted. The 364TB was the investors' preferred tenor as it accounted for 96 percent of the total amount subscribed for. The 182TB was the second favourite at 3 percent and the 91TB came last at 1 percent. Yields increased by 9bps and 11bps on the 91TB and 364TB respectively but declined by 7bps on the 182TB.

Liquidity was tight in the banking system as reserves closed at MK10.7 billion below the required amount. This represents a big drop in liquidity from the previous week which closed with no excess reserves in the banking system. Overnight interbank lending increased to MK13.6 billion from MK7.3 billion in the previous week. Despite the drop in money market liquidity and increase in overnight inter-bank borrowing, the overnight interbank lending rate decreased to 18.0 percent from 18.3 in the previous week.

The Malawi Kwacha traded flat against the USD at USD725.65 but depreciated against the other hard currencies. Gross official reserves dropped 0.8 percent. Private sector reserves increased by 3.9 percent on account of Authorised Dealer Banks (ADB's) who closed a short position of USD9.3 million short position from the previous week.

FX Movement	21-Jul-17	14-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	940.75	934.95	0.62	890.61	5.63	3.58
MWK/EUR	842.55	828.35	1.71	764.02	10.28	4.56
MWK/JPY	6.68	6.61	0.99	6.40	4.39	0.02
MWK/ZAR	55.76	54.91	1.55	53.67	3.89	0.27

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	20-Jul-17	14-Jul-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ mn)	687.05	692.68	606.93	(0.81)	13.20
Gross Official Import Cover (months)	3.29	3.31	2.90	(0.60)	13.45
Private Sector Reserves (US\$ mn)	377.69	363.44	336.61	3.92	12.20
Private Sector Import Cover (months)	1.81	1.74	1.61	4.02	12.42

Source: NBM

Cumulative Tobacco Sales (Week 14)	2016	2017	% Δ over 2016
Volume (Kg mn)	92.4	94.4	2
Value (US\$ mn)	143.5	186.5	30
Average Price (US cents/Kg)	155.3	197.6	27

Source: TCC

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