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Title: Weekly Market Update

Editor: Investment Analyst

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MSE Price Review (MWK) →

Counter	7-Jul-17	30-Jun-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	16017.55	15772.51	1.55	13320.51	20.25
DSI	12581.64	12386.77	1.57	10456.92	20.32
FSI	2308.87	2308.87	0.00	2026.07	13.96
BHL	20.25	20.25	0.00	20.10	0.75
FMB	18.61	18.51	0.54	17.00	9.47
ILV	216.15	216.15	0.00	160.00	35.09
MPICO	8.00	8.00	0.00	7.83	2.17
NBM	265.00	262.00	1.15	237.12	11.76
NBS	6.00	6.00	0.00	6.00	0.00
NICO	13.50	12.08	11.75	17.00	-20.59
NITL	40.00	36.50	9.59	34.00	17.65
PCL	570.00	570.00	0.00	540.00	5.56
SBM	570.01	570.01	0.00	500.00	14.00
SUN	64.00	64.00	0.00	58.50	9.40
TNM	9.33	9.33	0.00	6.05	54.21
OML	1850.00	1850.00	0.00	1612.00	14.76

Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		2.93	1224.69	11.82	0.95
DSI		3.08	114.12	8.88	1.63
BHL	20.25	4.94	100.00	5.94	0.55
FMB	18.61	2.69	50.00	5.68	1.37
ILV	216.15	0.00	0.00	21.78	4.21
MPICO	8.00	0.00	0.00	9.24	0.66
NBM	265.00	6.82	1788.00	7.37	1.80
NBS	6.00	0.00	0.00	N/A	0.64
NICO	13.50	2.96	40.00	5.15	0.44
NITL	40.00	2.50	100.00	N/A	0.83
PCL	570.00	2.31	1250.00	3.98	0.66
SBM	570.01	4.49	25.57	7.25	2.13
SUN	64.00	0.63	40.00	12.53	1.27
TNM	9.33	3.54	33.00	11.42	4.49
OML	1 850.00	2.92	5394.00	12.12	0.92

CAPITAL MARKET DEVELOPMENTS

The MASI closed above the 16,000 points mark for the first time in 96 weeks as the local bourse gained 1.6 percent to extend its FY2017 gains to 20.3 percent. Eight counters traded during the week, FMB, ILV, MPICO, NBM, NICO, NITL, SBM and TNM and 12 deals were completed.

Market turnover was lower at MK60.1 million from 1.1 million shares traded compared to MK98.2 million in the previous week representing a 38.8 percent drop in turnover week-over-week. Market movers included FMB (+0.54%), NBM (+1.15%), NICO (+11.75%) and NITL (+9.59%). The gains on the four counters earned the DSI 194.87 points resulting in a 1.55 percent upswing that pushed the index to 12581.64 points. The MASI moved up by 25.04 points to close the week at 16017.55 points (Previous Week: 15772.51 points). The FSI closed the week at 2308.87 points, unchanged from the previous

CORPORATE EVENTS

NBS closed the application for the rights issue on the 7th July; 2017. Having previously set the closing date for applications on 30th July, 2017, the Bank extended by a week the period for applying for the rights issue.

Two companies paid dividends during the week ended 7th July, 2017. NBM paid a dividend of MK8.14 per share on 7th July, 2017, being the final dividend for FY2016. On 5th July, 2017, BHL paid an interim dividend of MK0.50 per share.

ECONOMIC EVENTS

The RBM reduced the policy rate by 400bps to 18 percent from 22 percent. Announcing the policy move after a two-day meeting that took place on 4 and 5 July, 2017, the Monetary Policy Committee (MPC) cited recent inflation developments and outlook as the basis for the policy move. Global developments were also considered to arrive at the decision with global economic growth expected to strengthen marginally to 3.5 percent in 2017, from 3.1 percent in 2016. The committee resolved to maintain the Liquidity Reserve Requirement (LRR), the other policy tool at their disposal, at 7.5 percent.

Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	290.43	280.54	1 390.78
Allotted (MK' m)	290.43	280.54	1 390.78
% Rejection	0.00%	0.00%	0.00%
Average	20.90	21.90	23.00
Current yield (%)	21.30	21.99	23.00
Previous yield (%)	21.47	21.99	22.69
Δ in Yield (%)	(0.17)	0.00	0.31
Highest Accepted Yield (%)	21.50	22.00	23.00
Lowest Accepted Yield (%)	20.30	21.80	23.00
Spread	1.20	0.20	-
Auction date	04-Jul-17	04-Jul-17	04-Jul-17
Settlement date	06-Jul-17	06-Jul-17	06-Jul-17
Maturity date	05-Oct-17	04-Jan-18	05-Jul-18
Next auction	11-Jul-17	11-Jul-17	11-Jul-17

MONEY MARKET DEVELOPMENTS

A total of MK1.96 billion was raised across all tenors during the T-Bill auction conducted on 4th July, 2017 as all bids submitted for the auction were successful. The 364TB got most subscriptions with 71 percent of total bids submitted, followed by 91 TB with 15 percent and 182TB with 14 percent. Average yield was buoyant on the 364TB, increasing by 31bps, but average yield was flat on the 182TB and decreased 17bps on the 91TB.

There was an improvement in market liquidity as excess reserves in the banking system moved into positive territory for the first time in three weeks. Excess reserves closed the week at MK0.6 billion from minus MK3.0 billion in the previous week. Despite the increase in overall money market liquidity, some banks were still in a liquidity squeeze as the overnight interbank lending rate increased by 16bps to 21.66 percent from 20.50 percent.

The Malawi Kwacha was bullish in the forex market as it registered gains against all major trading currencies except the USD against which it traded flat at MK725.65. A 0.6 percent and 1.3 percent increase in gross foreign exchange reserves and private sector reserves respectively brought total foreign exchange reserves to USD1 043 million from USD1 035 million in the previous week.

FX Movement	07-Jul-17	30-Jun-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	939.88	943.64	(0.40)	890.61	5.53	2.17
MWK/EUR	826.69	828.50	(0.22)	764.02	8.20	2.13
MWK/JPY	6.58	6.68	(1.51)	6.40	2.81	0.03
MWK/ZAR	54.23	55.46	(2.21)	53.67	1.04	0.62

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	04-Jul-17	30-Jun-17	31-Dec-16	% Δ Wk	04-Jul-17
Gross Official Reserves (US\$ ml)	682.89	678.70	606.93	0.62	682.89
Gross Official Import Cover (months)	3.27	3.25	2.90	0.62	3.27
Private Sector Reserves (US\$ ml)	360.96	356.40	336.61	1.28	360.96
Private Sector Import Cover (months)	1.73	1.71	1.61	1.17	1.73

Source: NBM

Cumulative Tobacco Sales (Week 12)	2016	2017	% Δ over 2016
Volume (Kg mn)	78.18	81.87	5
Value (US\$ mn)	119.37	158.90	33
Average Price (US cents/Kg)	152.69	194.09	27

Source: TCC

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