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Title: Weekly Market Update

Editor: Investment Analyst

Country: Malawi

Date: July 14, 2017

Issued by: NBM Capital Markets Limited

MSE Price Review (MWK) →

Counter	14-Jul-17	7-Jul-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	16245.61	16017.55	1.42	13320.51	21.96
DSI	12763.00	12581.64	1.44	10456.92	22.05
FSI	2325.21	2325.21	0.00	2026.07	14.76
BHL	25.00	20.25	23.46	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	8.00	8.00	0.00	7.83	2.17
NBM	265.00	265.00	0.00	237.12	11.76
NBS	6.00	6.00	0.00	6.00	0.00
NICO	14.80	13.50	9.63	17.00	-12.94
NITL	50.00	40.00	25.00	34.00	47.06
PCL	570.00	570.00	0.00	540.00	5.56
SBM	625.00	570.01	9.65	500.00	25.00
SUN	64.00	64.00	0.00	58.50	9.40
TNM	9.40	9.33	0.75	6.05	55.37
OML	1850.00	1850.00	0.00	1612.00	14.76

Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		2.92	1224.69	11.83	0.92
DSI		3.03	114.12	11.50	1.68
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	8.00	0.00	0.00	9.24	0.66
NBM	265.00	6.75	1788.00	7.45	1.82
NBS	6.00	0.00	0.00	N/A	0.64
NICO	14.80	2.70	40.00	5.64	0.48
NITL	50.00	2.00	100.00	N/A	1.03
PCL	570.00	2.31	1250.00	3.98	0.66
SBM	625.00	4.09	25.57	7.55	2.34
SUN	64.00	0.63	40.00	12.53	1.27
TNM	9.40	3.51	33.00	11.50	4.53
OML	1 850.00	2.92	5394.00	12.12	0.92

CAPITAL MARKET DEVELOPMENTS

The market reached record highs during the week in review as the MASI closed at an all-time record high of 16,245.61 points. It was a busy week at the exchange and Sunbird was the only counter to close the busy week without a trade. Market turnover increased by 265 percent week-over-week from MK60.1 million to MK159.2 million. Trade volume was also upbeat, increasing to 5.3 million shares from 1.1 million in the previous week.

Five counters registered gains. NITL (+25.0%) and BHL (+23.5%) were the biggest movers of the week but it was the large-cap SBM (+9.7%) that accounted for the biggest push in the index movements. NICO share price went up 9.6 percent and TNM (+0.75%) capped off a strong bullish performance on bourse with a marginal price gain of 7 tambala. The DSI went up 1.4 percent from 12581.64 points to 12763.00 points and pushed the MASI 228.08 points upwards to 16245.61 points from 16017.55 points. The FSI was unmoved at

CORPORATE EVENTS

NBS Bank closed the application for the rights issue at 1500hrs on 7th July, 2017 after the period for subscribing to the issue was extending by a week.

The Board of Directors for TNM have made a resolution to pay an interim dividend of MK1,506 million representing 15 tambala per share in respect of the financial year ending 31st September, 2017. The dividend will be payable on 1st September, 2017 and 18th August, 2017 will be last day to register.

ECONOMIC EVENTS

Overhead inflation for the month of June, 2017 decreased by 100 bps month-over-month to settle at 11.3 percent from 12.3 percent in May. The drop in headline inflation was driven by 190 bps and 30 bps decrease in food and non-food inflation respectively. Food inflation and non-inflation were at 9.3 percent 13.2 percent from 11.2 percent and 13.5 percent respectively. The Monetary Policy Committee (MPC) set the inflation target at 12.3 percent or below by December, 2017 and inflation rate has been on a decline for six straight months from 20.0 percent in December, 2016.

TB Auction & Money Market Developments



Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	19.01	107.70	4 923.80
Allotted (MK' m)	15.93	-	4 923.80
% Rejection	16.20%	100.00%	0.00%
Average	16.89	-	19.00
Current yield (%)	16.89	-	19.00
Previous yield (%)	21.30	21.99	23.00
Δ in Yield (%)	(4.41)	-	(4.00)
Highest Accepted Yield (%)	16.89	-	19.00
Lowest Accepted Yield (%)	16.89	-	19.00
Spread	-	-	-
Auction date	11-Jul-17	11-Jul-17	11-Jul-17
Settlement date	13-Jul-17	13-Jul-17	13-Jul-17
Maturity date	12-Oct-17	11-Jan-18	12-Jul-18
Next auction	18-Jul-17	18-Jul-17	18-Jul-17

MONEY MARKET DEVELOPMENTS

Yields on treasury bills tanked during the auction held on 11th July, 2017 – the first auction after RBM's 4 percent policy rate cut from 22 percent to 18 percent. Yields dropped by 400bps and 441bps week-over-week on the 364TB and 91TB respectively. Most bidders went long with the 364TB accounting for 97 percent of the MK5.1 billion worth of bids submitted. The 182TB received no allotment despite receiving MK0.1 billion worth of bids. The 91TB proved unpopular with investors as it only received MK19.01 million worth of bids of which MK15.93 million was allotted.

There was a slight drop in money market liquidity as the week closed with no excess reserves in the banking system from MK0.6 billion in the previous week. Following the policy rate cut in the previous week, the overnight interbank lending rate dropped from 21.6 percent to as low as 17.8 percent earlier in the week in review but slightly recovered to 18.2 percent as liquidity tightened in the banking system.

The Malawi Kwacha was firm against the USD at MK725.65 and gained against the GBP. The local currency gained against the EUR, JPY and ZAR. Foreign Exchange reserves drooped during the week in review. The drop was caused by a decline of 0.4 percent and 2.2 percent in gross official reserves and private sector reserves respectively.

FX Movement	14-Jul-17	07-Jul-17	% Δ Wk	31-Dec-16	% Δ Ytd	Volatility
MWK/USD	725.65	725.65	0.00	725.43	0.03	725.65
MWK/GBP	934.95	939.88	(0.52)	890.61	4.98	939.23
MWK/EUR	828.35	826.69	0.20	764.02	8.42	825.97
MWK/JPY	6.61	6.58	0.54	6.40	3.36	6.59
MWK/ZAR	54.91	54.23	1.26	53.67	2.31	55.11

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	13-Jul-17	07-Jul-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	691.70	694.58	606.93	(0.41)	13.97
Gross Official Import Cover (months)	3.31	3.32	2.90	(0.30)	14.14
Private Sector Reserves (US\$ ml)	368.07	376.26	336.61	(2.18)	9.35
Private Sector Import Cover (months)	1.76	1.80	1.61	(2.22)	9.32

Source: NBM

Inflation (%)	Jun-17	May-17	% Δ month	Jun-16	% Δ Yr
Headline	11.3	12.3	(1.00)	22.60	(11.30)
Food	9.3	11.2	(1.90)	27.70	(18.40)
Non- Food	13.2	13.5	(0.30)	18.20	(5.00)

Source: NSO Malawi

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