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Title: Weekly Market Update

Editor: Investment Analyst

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MSE Price Review (MWK) →

Counter	16-Jun-17	9-Jun-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	15639.08	15573.68	0.42	13320.51	17.41
DSI	12280.65	12228.65	0.43	10456.92	17.44
FSI	2308.87	2308.87	0.00	2026.07	13.96
BHL	20.25	20.25	0.00	20.10	0.75
FMB	16.12	16.00	0.75	17.00	-5.18
ILV	216.15	215.01	0.53	160.00	35.09
MPICO	8.00	8.00	0.00	7.83	2.17
NBM	262.00	262.00	0.00	237.12	10.49
NBS	6.00	6.00	0.00	6.00	0.00
NICO	12.08	12.00	0.67	17.00	-28.94
NITL	35.00	34.00	2.94	34.00	2.94
PCL	570.00	570.00	0.00	540.00	5.56
SBM	570.01	560.00	1.79	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		2.94	1227.36	9.51	0.95
DSI		3.25	117.50	8.36	1.62
BHL	20.25	4.94	100.00	5.94	0.55
FMB	16.12	3.10	50.00	4.92	1.19
ILV	216.15	0.00	0.00	21.78	4.21
MPICO	8.00	0.00	0.00	9.24	0.66
NBM	262.00	6.82	1788.00	7.37	1.80
NBS	6.00	0.00	0.00	N/A	0.64
NICO	12.08	8.28	100.00	2.29	0.39
NITL	35.00	2.86	100.00	N/A	0.72
PCL	570.00	2.31	1250.00	3.98	0.66
SBM	570.01	4.49	25.57	6.89	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 local bourse was bullish during the week ended 16th June, 2017 as 9 counters registered trading activity. FMB, ILLOVO, MPICO, NBM, NICO, NITL, PCL, SBM and TNM recorded trades and 21 deals were completed. Market turnover surged to MK465.5 million from MK8.4 million in the previous week. Trade volume was also upbeat as 7.5 million shares changed hands compared to 0.1 million shares in the previous week. TNM dominated trade volume on the bourse as it accounted for 67.2 percent of traded volume, but it was ILV that ruled the market in terms of turnover as the sugar company accounted for 60.4 percent of total value realised.

Five counters registered price gains; FMB (+0.75%), ILV (+0.53%), NICO (+0.67%), NITL (+2.94%) and SBM (+1.79%). As a result of the price gains, the DSI went up by 0.43 percent to 12,280.65 points from 12,228.65 points and the MASI went up to 15,639.08 from 15,573.68 points. The FSI was firm at 2308.87 points as there was no trading on OML, the sole foreign counter.

CORPORATE EVENTS

Illovo Sugar Company (ILV) released its annual financial statements for the year ended 31st March, 2017. The company registered a 24 percent increase in revenue to MK124 billion (FY2016: MK99.9 billion). Profit after tax stood at MK7.1 billion from MK1.8 billion in FY2016. The FY2016 results have been restated in accordance with IAS 41, which requires the change in accounting for cane roots. Thus the profit after tax growth of 292% to MK7.1billion for FY2017 is from a lower base of MK1.8 billion compared to MK5.5 billion as previously stated.

ECONOMIC EVENTS

The National Statistics Office (NSO) has released the inflation figures for May, 2017 as headline inflation dropped by 230 bps month-over-month to 12.3 percent from 14.6 percent in April. Food inflation for May stood at 11.2 percent compared to 14.7 percent for the previous month and 25.70 percent for May, 2016. Non-food inflation for May, 2017 dropped by 100bps from 14.5 percent in the previous month to settle at 13.5 percent. (Source: NSO)

Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	71.64	138.07	2 459.98
Allotted (MK' m)	71.64	138.07	2 459.98
% Rejection	0.00%	0.00%	0.00%
Average	20.99	21.90	23.00
Current yield (%)	21.35	21.97	23.00
Previous yield (%)	21.35	21.84	23.00
Δ in Yield (%)	-	0.13	-
Highest Accepted Yield (%)	21.48	22.00	23.00
Lowest Accepted Yield (%)	20.50	21.80	23.00
Spread	0.98	0.20	-
Auction date	13-Jun-17	13-Jun-17	13-Jun-17
Settlement date	15-Jun-17	15-Jun-17	15-Jun-17
Maturity date	14-Sep-17	14-Dec-17	14-Jun-18
Next auction	20-Jun-17	20-Jun-17	20-Jun-17

MONEY MARKET DEVELOPMENTS

The t-bill auction conducted on 13th June, 2017 attracted a total of MK2.7 billion in applications which was fully allotted. The 364TB accounted for 92 percent of bids submitted followed by the 182TB and 91TB which accounted for 5 percent and 3 percent respectively.

Liquidity in the banking system was tighter in the week in review as excess reserves dropped to a negative MK6.2 billion compared to MK1.7 billion in the week ended 9th June. Despite tight liquidity in the system, the overnight interbank overnight rate hovered at 21.5 percent, unchanged from the previous week.

The Malawi Kwacha traded flat against the USD at MK725.65 but produced a mixed performance against the other currencies. The Kwacha gained against the EURO and JPY but depreciated against the ZAR and GBP. Total foreign reserves increased by 4 percent week-over-week. Private sector reserves increased by 7.5 percent to USD 345.1 million whereas gross official reserves increased by 2.1 percent to USD 630.8 million. Total import cover stood at 4.7 months.

FX Movement	16-Jun-17	09-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	926.74	925.72	0.11	890.61	4.06	3.43
MWK/EUR	808.64	812.58	(0.48)	764.02	5.84	2.16
MWK/JPY	6.72	6.78	(0.91)	6.40	5.07	0.04
MWK/ZAR	56.74	56.39	0.61	53.67	5.70	0.43

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	14-Jun-17	09-Jun-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	630.84	617.64	606.93	2.14	3.94
Gross Official Import Cover (months)	3.02	2.96	2.90	2.03	4.14
Private Sector Reserves (US\$ ml)	345.13	321.15	336.61	7.47	2.53
Private Sector Import Cover (months)	1.65	1.54	1.61	7.14	2.48

Source: NBM

Inflation (%)	May-17	Apr-17	% Δ month	May-16	% Δ Yr
Headline	12.3	14.6	(2.30)	21.50	(9.20)
Food	11.2	14.7	(3.50)	25.70	(14.50)
Non- Food	13.5	14.5	(1.00)	17.60	(4.10)

Source: National Statistics Office

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