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Title: Weekly Market Update**Editor: Investment Analyst****Country: Malawi****Date: March 3, 2017****Issued by: NBM Capital Markets Limited****MSE Price Review (MWK) →**

Counter	2-Mar-17	24-Feb-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	13672.69	13589.36	0.613	13320.51	2.64
DSI	10736.99	10670.72	0.621	10456.92	2.68
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	180.00	177.75	1.266	160.00	12.50
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	6.70	6.50	3.077	6.05	10.74
OML	1612.00	1612.00	0.000	1612.00	0.00

CAPITAL MARKET DEVELOPMENTS

The local bourse was bullish during the week in review as 8 counters, namely, ILV, MPICO, NBM, NICO, PCL, SBM, TNM and OML registered trading activity. A total of 13 deals were completed.

Total market turnover increased marginally week-over-week to MK17.9 million from MK15.1 million whereas trade volume increased to 1.6 million shares from 0.8 million shares in the previous week.

TNM (+3.1%) and ILV (+1.3%) were the only price movers during the week. TNM share price pushed up to MK6.70 from MK6.50 while ILV inched upwards to MK180.00 from MK177.75. Due to the price increase on TNM and ILV, the DSI increased to 10736.99 points from 10670.72 points. The FSI was steady at 2026.07 points, but the movement on DSI pushed the MASI upwards to 13672.69 points from 13589.36 points.

CORPORATE EVENTS

Standard Bank (Malawi) Limited (SBM) has released its financial statements for FY2016. The Bank has posted strong earnings growth of 45 percent with a profit after tax of MK19.4 billion (FY 2015: MK13.4 billion). Operating income grew by 42 percent year-over-year to MK54.1 billion (FY2015: MK37.9 billion) against a 32 percent growth operating expenses which stood at MK25.4 billion (FY2015: MK19.2 billion).

Total assets grew by 35 percent year-over-year to MK313.5 billion from MK231.9 billion. Loans to customers decreased by 5 percent to MK91.0 billion from MK95.7 billion but the bank increased lending to banks and other financial institutions to MK107.5 billion from MK47.9 billion. The balance sheet was funded by deposits from customers amounting to MK204.4 billion (FY2015: MK167.4 billion) and deposits from other banks amounting to MK19.2 billion (FY 2015: MK4.9 billion). Total equity as at the end of FY2016 was MK62.8 billion, increasing from MK47.0 billion in FY2015. The Board has recommended a final dividend of MK5 billion (FY2015: MK3 billion) representing MK21.31 (FY2015: MK12.82) per ordinary share.

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	180.00	0.00	0.00	23.10	2.74
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	6.70	4.48	30.00	12.43	4.30
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)	294.08	996.22	7 437.16
Allotted (MK' m)	294.08	996.22	4 068.02
% Rejection	0.00%	0.00%	45.30%
Average	23.90	25.40	25.29
Current yield (%)	23.99	25.40	25.44
Previous yield (%)	23.99	25.40	25.35
Δ in Yield (%)	0.00	0.00	0.09
Highest Accepted Yield (%)	24.00	25.40	25.48
Lowest Accepted Yield (%)	23.80	25.40	25.10
Spread	0.20	-	0.38
Auction date	28-Feb-17	28-Feb-17	28-Feb-17
Settlement date	02-Mar-17	02-Mar-17	02-Mar-17
Maturity date	01-Jun-17	31-Aug-17	01-Mar-18
Next auction	07-Mar-17	07-Mar-17	07-Mar-17

MONEY MARKET DEVELOPMENTS

The t-bill auction held on the 28th February, 2017 attracted MK8.7 billion with the 364 TB accounting for 85 percent of the amount applied for. From the amount subscribed, the RBM allotted MK5.4 billion, representing a 38.6 percent rejection rate. Average yield was steady at 23.99 percent and 25.44 percent for the 91TB and 182TB respectively. Average yield on the 364TB inched upwards by 9bps to 25.44 percent from 25.35 percent.

Excess liquidity in the banking system increased to MK 7.3 billion from a negative MK0.7 billion in the previous week. The overnight inter-bank lending rate was 23.01 percent, almost unchanged from the 23.00 percent in the previous week.

The USD traded at a flat MK725.43 on the foreign exchange market. The Kwacha gained against the other hard currencies, namely, GBP, EUR, JPY and ZAR. Total foreign exchange reserves increased by 0.7 percent week-over-week to US\$933.9 million from US\$927.7 million.

FX Movement	02-Mar-17	24-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	890.76	910.12	(2.13)	890.61	0.02	2.64
MWK/EUR	763.94	767.42	(0.45)	764.02	(0.01)	1.24
MWK/JPY	6.55	6.62	(0.97)	6.40	2.43	0.04
MWK/ZAR	56.16	56.65	(0.87)	53.67	4.63	0.46

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	27-Feb-17	24-Feb-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	599.26	597.13	606.93	0.36	(1.26)
Gross Official Import Cover (months)	2.87	2.86	2.90	0.35	(1.03)
Private Sector Reserves (US\$ ml)	334.61	330.57	336.61	1.22	(0.59)
Private Sector Import Cover (months)	1.60	1.58	1.61	1.27	(0.62)

Source: RBM

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