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**Title: Weekly Market Update**

**Editor: Investment Analyst**

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#### MSE Price Review (MWK) →

Counter	17-Mar-17	10-Mar-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	14105.90	14036.44	0.495	13320.51	5.90
DSI	11081.51	11026.27	0.501	10456.92	5.97
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	200.00	200.00	0.000	160.00	25.00
MPICO	8.60	8.60	0.000	7.83	9.83
NBM	240.00	240.00	0.000	237.12	1.21
NBS	6.00	6.00	0.000	6.00	0.00
NICO	12.90	12.90	0.000	17.00	-24.12
NITL	30.00	30.00	0.000	34.00	-11.76
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	7.00	6.70	4.478	6.05	15.70
OML	1612.00	1612.00	0.000	1612.00	0.00

#### CAPITAL MARKET DEVELOPMENTS

The local bourse was marginally bullish during the week in review owing to price movement on TNM. Seven counters, namely, ILV, NBS, NITL, SBM, SUN, TNM and OML recorded trading activity as 15 deals were completed.

Trade volume picked up from 0.8 million shares in the previous week to 3.3 million shares resulting in 97 percent increase in weekly turnover to MK52.3 million from MK26.5 million.

TNM was the sole price mover during the week as its share price went 4.5 percent up to close the week at MK7.00 per share from MK6.70 per share. The price movement on TNM earned the DSI 55.24 points to move up to 11081.51 points from 11026.27 points. The FSI was flat at 2026.07 points but the movement on the DSI pushed the MASI upwards to 14105.90 points from 14036.44 points.

#### Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		5.21	1891.88	8.46	0.90
DSI		2.71	85.35	8.85	1.59
BHL	20.25	4.94	100.00	5.94	0.55
FMB	16.00	4.38	70.00	9.68	1.61
ILV	200.00	0.00	0.00	25.90	3.04
MPICO	8.60	0.00	0.00	25.45	1.14
NBM	240.00	4.25	1007.00	8.38	2.08
NBS	6.00	0.00	0.00	N/A	0.39
NICO	12.90	6.67	100.00	2.46	0.42
NITL	30.00	4.67	140.00	7.39	0.52
PCL	540.00	2.31	1250.00	5.30	0.71
SBM	500.00	5.11	25.57	6.04	1.87
SUN	58.50	0.48	28.00	14.96	1.28
TNM	7.00	4.29	30.00	12.98	4.49
OML	1 612.00	5.38	8674.00	8.44	0.87

#### CORPORATE EVENTS

Old Mutual plc (OML), the only foreign counter listed on the Malawi Stock Exchange (MSE) has released its preliminary results for FY 2016. Profit after tax for the year dropped by 7 percent to GBP 570 million from GBP 614 million in the previous year. The multi-listed company closed trading on 17<sup>th</sup> March, 2017 trading at GBP2.21 (MK1,983.44) on the London Stock Exchange and ZAR34.99 (MK1,998.10) on the Johannesburg Stock Exchange. The counter is trading MK1,612.00 on the MSE, representing a discount of 23 percent.

#### ECONOMIC EVENTS

Opportunity Bank Malawi (OBM) and New Finance Bank Malawi Limited (NFB) have announced in a press release that negotiations are currently underway for the two banks to merge. NFB management have said that approval in principle has already from the Reserve Bank of Malawi. The banks expect the negotiations to be concluded within the next six weeks from 17<sup>th</sup> March, 2017. The merger will reduce the number of commercial banks in Malawi to nine.

## TB Auction &amp; Money Market Developments

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Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	1 714.10	2 830.16	9 321.91
Allotted (MK' m)	1 714.10	1 827.20	6 809.12
% Rejection	0.00%	35.44%	26.96%
Average	23.95	25.40	25.43
Current yield (%)	24.00	25.40	25.43
Previous yield (%)	24.00	25.40	25.35
Δ in Yield (%)	(0.00)	0.00	0.08
Highest Accepted Yield (%)	24.00	25.40	25.50
Lowest Accepted Yield (%)	23.90	25.40	25.35
Spread	0.10	-	0.15
Auction date	14-Mar-17	14-Mar-17	14-Mar-17
Settlement date	16-Mar-17	16-Mar-17	16-Mar-17
Maturity date	15-Jun-17	14-Sep-17	15-Mar-18
Next auction	21-Mar-17	21-Mar-17	21-Mar-17

## MONEY MARKET DEVELOPMENTS

The t-bill auction held on 14<sup>th</sup> March, 2017 registered a 25.4 percent rejection rate with the monetary authorities taking up MK10.4 billion from the MK13.9 billion that was applied for. Yields were unchanged from the previous week on the 91TB and 182TB but went up by 8bps on the 364TB.

Liquidity in the banking system increased from the previous week as excess reserves increased to MK2.6 billion from a negative MK0.4 billion. The increase in liquidity resulted in a slight drop in the overnight interbank lending rate to 22.8 percent from 23.0 percent.

The Malawi Kwacha depreciated against all the hard currencies with the exception of the USD against which it was firm at MK725.43/USD. Total import cover stood at 4.4 months as total foreign exchange reserves were at US\$915.64 million, just a marginal decline from US\$917.85 million in the previous week.

FX Movement	17-Mar-17	10-Mar-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	896.27	881.98	1.62	890.61	0.64	8.17
MWK/EUR	781.20	768.98	1.59	764.02	2.25	4.18
MWK/JPY	6.58	6.47	1.66	6.40	2.92	0.05
MWK/ZAR	57.10	54.96	3.91	53.67	6.39	0.69

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	14-Mar-17	10-Mar-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	584.79	593.16	606.93	(1.41)	(3.65)
Gross Official Import Cover (months)	2.80	2.84	2.90	(1.41)	(3.45)
Private Sector Reserves (US\$ ml)	330.85	324.69	336.61	1.90	(1.71)
Private Sector Import Cover (months)	1.58	1.55	1.61	1.94	(1.86)

Source: RBM

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