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Title: Weekly Market Update

Editor: Investment Analyst

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MSE Price Review (MWK) →

Counter	31-Mar-17	24-Mar-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	14577.62	14602.22	-0.168	13320.51	5.37
DSI	11437.62	11457.18	-0.171	10456.92	5.44
FSI	2308.87	2308.87	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	215.01	215.00	0.005	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	10.00	11.00	-9.091	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	550.00	550.00	0.000	500.00	0.00
SUN	58.50	58.50	0.000	58.50	0.00
TNM	7.00	7.00	0.000	6.05	10.74
OML	1837.00	1837.00	0.000	1612.00	0.00

CAPITAL MARKET DEVELOPMENTS

The week under review saw the peak of the reporting season but no excitement was reflected on the bourse as two of the indices registered some decline. The Malawi All Share Index fell by 24.59 points from 14602.22 points to 14577.62 points due to a 19.56 points decline in the Domestic Share Index from 11457.18 points to 11437.62 points. The decline came as a result of a share price loss in NICO of MK1.00 to MK10.00 and in SBM by MK0.10 from MK550.10 to MK550.00. The Foreign Share Index however remained stable and ended the week firm at 2308.87 points mark.

For the week under review, activity was noted in 9 counters namely FMB, ILLOVO, MPICO, NBM, NICO, NITL, PCL, SBM and TNM. This resulted in total volume traded of 8.4 million shares valued at MK95.5 million on 18 deals. The previous week had seen 2.5 million shares valued at MK67.5 million going under the hammer.

CORPORATE EVENTS

FMB has issued a cautionary statement on corporate restructuring and plans to acquire Barclays Bank Zimbabwe. Under the corporate restructuring, shares in FMB will be transferred to FMB Capital Holdings (FMBCH) based in Mauritius. An application will then be made to list the shares of FMBCH on the MSE and delist the shares of FMB.

Four listed companies released their 2016 financial statements. Net profit movement of these companies are summarised below:

MK' bn	2016	2015	% change
FMB	7.66	4.26	80%
TNM	8.21	5.41	52%
SUNBIRD	1.34	1.02	31%
NITL	-1.07	0.55	-295%

ECONOMIC EVENTS

Following the recent cut in RBM policy rate from 24% to 22%, NBM and SBM also revised their base lending rates. NBM's base lending rate was reduced to 30.5% from 32% while SBM reduced its lending rate to 30% from 32%.

Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		4.60	1901.71	9.53	1.02
DSI		2.90	97.80	8.52	1.59
BHL	20.25	4.94	100.00	5.94	0.55
FMB	16.00	3.13	50.00	4.88	1.18
ILV	215.01	0.00	0.00	27.84	3.27
MPICO	8.60	0.00	0.00	25.45	1.14
NBM	240.00	4.20	1007.00	8.38	2.08
NBS	6.00	0.00	0.00	N/A	0.39
NICO	10.00	10.00	100.00	1.89	0.32
NITL	30.00	3.33	100.00	0.00	0.62
PCL	540.00	2.31	1250.00	5.30	0.71
SBM	550.00	4.65	25.57	6.64	2.06
SUN	58.50	0.68	40.00	11.45	1.16
TNM	7.00	4.71	33.00	8.56	3.37
OML	1 837.00	4.72	8674.00	9.61	0.99

TB Auction & Money Market Developments



Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	78.35	888.19	10 801.63
Allotted (MK' m)	8.00	5.00	7 745.00
% Rejection	89.79	99.44	28.30
Average	19.96	19.83	18.71
Current yield (%)	21.00	22.00	23.00
Previous yield (%)	23.92	25.00	25.13
Δ in Yield (%)	(2.92)	(3.00)	(2.13)
Highest Accepted Yield (%)	21.00	22.00	23.00
Lowest Accepted Yield (%)	21.00	22.00	23.00
Spread	-	-	-
Auction date	28-Mar-17	21-Mar-17	21-Mar-17
Settlement date	30-Mar-17	30-Mar-17	30-Mar-17
Maturity date	22-Jun-17	21-Sep-17	22-Mar-18
Next auction	04-Apr-17	04-Apr-17	04-Apr-17

MONEY MARKET DEVELOPMENTS

The week under review saw massive rejections on the 91day and 182day tenors during the t-bill auction held on 28th March, 2017. As expected, yields on t-bills declined on the back of the move by the RBM to reduce the policy rate. The average yield on the 91day TB, 182day TB and 364day TB fell by 392bps from 23.92% to 21.00%, 300bps from 25.00% to 22.00%, and 213bps from 25.13% to 23.00% respectively.

Liquidity in the banking system increased week-over-week as excess reserves closed the week at MK14.63 billion from MK3.06 billion recorded in previous week.

After months of stagnation, the kwacha marginally slipped by 0.04% to close the week at MK725.73 against the US dollar from MK725.43. The kwacha also lost some ground against the British pound but appreciated against the Euro and Japanese yen.

FX Movement	31-Mar-17	24-Mar-17	% Δ Wk	31-Dec-16	% Δ Ytd	Volatility
MWK/USD	725.73	725.43	0.04	725.43	0.84	0.00
MWK/GBP	910.76	905.34	0.60	890.61	2.26	2.83
MWK/EUR	785.00	786.74	(0.22)	764.02	2.75	1.94
MWK/JPY	6.05	6.56	(7.77)	6.40	(5.47)	0.02
MWK/ZAR	58.13	58.19	(0.10)	53.67	8.31	0.42

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	29-Mar-17	24-Mar-17	17-Mar-17	28-Feb-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	552.30	567.38	594.41	597.13	606.93	(2.26)	(9.00)
Gross Official Import Cover (months)	2.64	2.71	2.84	2.86	2.90	(2.58)	(8.97)
Private Sector Reserves (US\$ ml)	329.21	334.75	331.26	334.16	336.61	(1.65)	(2.20)
Private Sector Import Cover (months)	1.58	1.60	1.58	1.58	1.61	(1.25)	(1.86)

Source: RBM

For further advice on investment matters, please contact us on:
01 831 179, 01 831 177

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