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#### Title: Weekly Market Update

Editor: Investment Analyst

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#### MSE Price Review (MWK) →

Counter	14-Jun-18	8-Jun-18	% Δ Wkly	31-Dec-17	% Δ Ytd
MASI	30739.20	30533.93	0.67	21598.07	42.32
DSI	20035.54	19848.41	0.94	16272.64	23.12
FSI	8237.82	8237.82	0.00	3519.43	134.07
BHL	7.00	5.38	30.11	28.00	(75.00)
ILV	240.00	240.00	0.00	240.00	0.00
MPICO	19.49	19.70	-1.07	15.61	24.86
NBM	300.00	300.00	0.00	270.08	11.08
NBS	8.66	8.70	-0.46	8.50	1.88
NICO	46.00	47.73	-3.62	34.00	35.29
NITL	73.00	73.00	0.00	60.06	21.55
PCL	772.00	772.00	0.00	600.00	28.67
SBM	670.00	670.00	0.00	610.00	9.84
SUN	145.00	145.00	0.00	96.00	51.04
TNM	24.01	23.00	4.39	14.50	65.59
FMBCH	160.00	160.00	0.00	67.00	138.81
OML	2980.00	2980.00	0.00	1930.00	54.40

#### Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
BHL	7.00	16.43	115.00	11.60	1.14
ILV	240.00	0.00	0.00	24.18	4.68
MPICO	19.49	0.92	18.00	8.79	1.62
NBM	300.00	6.43	1930.00	7.32	1.73
NBS	8.66	0.00	0.00	-23.07	2.02
NICO	46.00	3.26	150.00	4.31	2.13
NITL	73.00	1.78	130.00	4.44	1.15
PCL	772.00	3.25	2500.00	2.34	0.74
SBM	670.00	1.59	1065.00	12.93	2.18
SUN	145.00	0.63	92.00	6.67	2.02
TNM	24.01	2.50	60.00	18.39	8.27
FMBCH	160.00	0.00	0.00	14.81	3.60
OML	2,980.00	2.28	6790.00	12.21	1.40
FMBCH	150.00	0.00	0.00	13.88	3.38
OML	2,950.00	2.31	6790.00	12.09	1.39

#### CAPITAL MARKET DEVELOPMENTS

During the week ended 14<sup>th</sup> June, 2018, the bourse was bullish and it registered trading activity on seven counters namely MPICO, NBM, NBS, BHL, TNM, NICO and NITL. A total of 2.4 million shares changed hands at a consideration of MWK42.3 million.

In the review period, the MASI inched upwards by 205.27 points from 30,533.93 points to 30,739.20 points due to an increase in the DSI by 187.13 points from 19,848.41 points to 20,035.54 points. There was no movement in the FSI as it maintained its position at 8237.82 points. The price gainers for the week were BHL by MK1.62 from MK5.38 to MK7.00 and TNM by MK1.01 from MK23.00 to MK24.01. The price droppers were MPICO by MK0.29 from MK19.70 to MK19.49, NICO by MK1.73 from MK47.73 to MK46.00 and NBS by MK0.04 from MK8.70 to MK8.66

#### ECONOMIC EVENTS

The reserve bank of Malawi has released its monthly economic review for April 2018 where it has reported that Net credit to central government from the monetary authorities went down by K66.7 billion to K362.9 billion in the month, compared to a drop of K2.9 billion to K279.6 billion in April 2017.

This is a result of government repaying its outstanding Ways and Means advances amounting to K32.5 billion. Secondly, RBM off-loaded Treasury Notes and Treasury bills worth K30.5 billion and K829.0 million, respectively, on the secondary market.

In contrast, net credit to government from the commercial banks, increased by K51.0 billion to K193.8 billion in the month compared to an increase of K5.1 billion to K105.8 billion recorded in April 2017. The outturn during the month under review was largely on account of RBM offloading of securities to the market. In particular, commercial banks increased their holding of Treasury bills and Treasury notes by K23.6 billion and K17.5 billion to K146.8 billion and K111.1 billion, respectively. Further, the commercial banks extended loans and advances to government amounting to K4.5 billion during the period under review, hence the outstanding loans and advances closed the Month at K4.7 billion. Government also reduced its deposits with commercial banks by K5.4 billion to K68.8 billion in the review month.

Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	938.74	3,361.94	5,278.98
Allotted (MK' m)	938.74	3,361.94	4,349.40
% Rejection	0.00%	0.00%	17.61%
Average	14.00	14.50	15.00
Current yield (%)	13.99	14.50	15.00
Previous yield (%)	14.00	14.50	15.00
Δ in Yield (%)	(0.01)	-	-
Highest Accepted Yield (%)	14.00	14.50	15.00
Lowest Accepted Yield (%)	14.00	14.50	15.00
Spread	-	-	-
Auction date	12-Jun-18	12-Jun-18	12-Jun-18
Settlement date	14-Jun-18	14-Jun-18	14-Jun-18
Maturity date	13-Sep-18	13-Dec-18	13-Jun-19
Next auction	19-Jun-18	19-Jun-18	19-Jun-18

The T-bill auction held by the Reserve Bank of Malawi on 12<sup>th</sup> June, 2018 attracted bids worth MK9.6 billion. However only K8.7 million worth of bids were allotted indicating a 9.7 percent rejection rate. The 364 days was the most preferred instrument as it got 50 percent of the total bids allotted and it was followed by the 182 and 91 day treasury bills at 39 percent and 11 percent respectively.

There was a drop in liquidity in the banking system as excess reserves in the banking system dropped from MK5.4 billion to MK3.9 billion.

The overnight interbank-bank lending rate moved to 15.09 percent from 15.2 percent in the previous week.

During the week in review the Malawi kwacha appreciated against the GBP, EUR, ZAR and JPY. However the USD is still fixed at K725.65 since the beginning of the year.

FX Movement	14-Jun-18	08-Jun-18	% Δ Wk	31-Dec-17	% Δ Ytd	Volatility
MWK/USD	725.65	725.65	0.00	725.65	0.00	0.00
MWK/GBP	969.36	985.72	(1.66)	974.35	(0.51)	1.58
MWK/EUR	855.48	867.81	(1.42)	865.10	(1.11)	1.94
MWK/JPY	6.79	6.92	(1.95)	6.63	2.38	0.02
MWK/ZAR	54.95	56.96	(3.52)	58.74	(6.45)	0.50

Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	14-Jun-18	06-Jun-18	31-Dec-17	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	667.60	668.68	761.97	(0.16)	(12.39)
Gross Official Import Cover (months)	3.19	3.20	3.65	(0.31)	(12.60)
Private Sector Reserves (US\$ ml)	348.79	363.80	414.03	(4.13)	(15.76)
Private Sector Import Cover (months)	1.67	1.74	1.98	(4.02)	(15.66)

Source: RBM

Inflation (%)	Apr-18	Mar-18	% Δ month	Mar-18	% Δ Yr
Headline	9.7	9.9	(0.20)	15.80	(6.10)
Food	10.0	10.6	(0.60)	17.00	(7.00)
Non-Food	8.9	9.7	(0.80)	14.50	(5.60)

Source: RBM

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