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Title: Weekly Market Update

Editor: Investment Analyst

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MSE Price Review (MWK) →

Counter	22-Jun-18	14-Jun-18	% Δ Wkly	31-Dec-17	% Δ Ytd
MASI	30739.20	30739.20	0.00	21598.07	42.32
DSI	20035.54	20035.54	0.00	16272.64	23.12
FSI	8237.82	8237.82	0.00	3519.43	134.07
BHL	7.00	7.00	0.00	28.00	(75.00)
ILV	240.00	240.00	0.00	240.00	0.00
MPICO	19.49	19.49	0.00	15.61	24.86
NBM	300.00	300.00	0.00	270.08	11.08
NBS	8.66	8.66	0.00	8.50	1.88
NICO	46.00	46.00	0.00	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	24.01	0.00	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

CAPITAL MARKET DEVELOPMENTS

During the week ended 22nd June, 2018, the bourse did not register any trades on all the counters due to the introduction of the Central Securities Depository (CSD) for all the shares. Most of the market participants and securities are yet to be captured in the new system. As a result, the MASI, DSI and FSI stayed flat at 30,739.20 points, 20,035.54 points and 8237.82 points respectively.

CORPORATE EVENTS

NBS bank plc has released a trading statement for the period ending June 30, 2018 where it says the bank is expected to register a profit compared to the loss it made in the first half of 2017. The statement indicates that the bank's profit for 1H18 will be 140 percent higher than the K1.1bn loss in the 1H17 and this implies that the profit for this period will be at least K440 mn.

ECONOMIC EVENTS

Budget reduced by K50 bn.

The 2018/19 budget which was initially pegged at K1.504 tn has been reduced to K1.403 tn to address concerns that a large budgetary deficit could result in a heavy burden in terms of domestic debt which is already high at the moment.

Increased access to formal financial services.

Households' access to formal financial services has jumped by 12 percentage points from 17 percent in 2013 to 29 percent in 2018 according to the results of the latest Financial Literacy and Capability Survey. Rural areas have seen a 14-percentage point increase in access to financial services and urban areas have likewise seen just over a 15-percentage point increase between 2013 and 2018. In contrast with the formal sector, access to semi-formal services has remained relatively unchanged at five percent while access to informal services declined from 34 percent to 22 percent and the demand for a bank account has increased from 29 percent to 47 percent.

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

Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	893.78	1,728.21	2,920.28
Allotted (MK' m)	893.78	1,728.22	2,920.28
% Rejection	0.00%	0.00%	0.00%
Average	14.00	14.50	15.00
Current yield (%)	14.00	14.50	15.00
Previous yield (%)	13.98	14.50	15.00
Δ in Yield (%)	0.02	-	-
Highest Accepted Yield (%)	14.00	14.50	15.00
Lowest Accepted Yield (%)	14.00	14.50	15.00
Spread	-	-	-
Auction date	19-Jun-18	19-Jun-18	19-Jun-18
Settlement date	21-Jun-18	21-Jun-18	21-Jun-18
Maturity date	20-Sep-18	20-Dec-18	20-Jun-19
Next auction	26-Jun-18	26-Jun-18	26-Jun-18

The T-bill auction held by the Reserve Bank of Malawi on 19th June, 2018 attracted bids worth MK5.5 billion and they were fully allotted resulting to a NIL rejection rate. The average yield on the 91TB, 182TB and 364TB stood at 14.00 percent, 14.50 percent and 15.00 percent respectively.

Excess reserves in the banking system moved from MK3.9bn to MK22.7 bn. The overnight interbank-bank lending rate dropped to 14.52 percent from 15.09 percent in the previous week. Daily average volume borrowed on the interbank market dropped from MK5.5 bn to MK4.2 bn.

During the week in review the local currency appreciated against the GBP, EUR and ZAR while remaining stable at K725.65 to USD since the beginning of the year.

FX Movement	22-Jun-18	14-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	960.74	969.36	(0.89)	974.35	(1.40)	4.57
MWK/EUR	842.22	855.48	(1.55)	865.10	(2.64)	2.24
MWK/JPY	6.79	6.79	0.12	6.63	2.50	0.03
MWK/ZAR	53.80	54.95	(2.09)	58.74	(8.41)	0.61

Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	21-Jun-18	14-Jun-18	31-Dec-17	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	681.74	667.60	761.97	2.12	(10.53)
Gross Official Import Cover (months)	3.26	3.19	3.65	2.19	(10.68)
Private Sector Reserves (US\$ ml)	384.30	348.79	414.03	10.18	(7.18)
Private Sector Import Cover (months)	1.84	1.67	1.98	10.18	(7.07)

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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