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Title: Weekly Market Update**Editor: Investment Analyst****Country: Malawi****Date: May 04, 2018****Issued by: NBM Capital Markets Limited****MSE Price Review (MWK) →**

Counter	4-May-18	20-Apr-18	% Δ Wkly	31-Dec-17	% Δ Ytd
MASI	27092.17	27092.17	0.00	21598.07	25.44
DSI	18158.46	18158.46	0.00	16272.64	11.59
FSI	6743.62	6743.62	0.00	3519.43	91.61
BHL	28.00	28.00	0.00	28.00	0.00
ILV	240.00	240.00	0.00	240.00	0.00
MPICO	19.70	19.70	0.00	15.61	26.20
NBM	285.00	285.00	0.00	270.08	5.52
NBS	8.70	8.70	0.00	8.50	2.35
NICO	48.00	48.00	0.00	34.00	41.18
NITL	56.98	56.98	0.00	60.06	(5.13)
PCL	680.00	680.00	0.00	600.00	13.33
SBM	631.43	631.43	0.00	610.00	3.51
SUN	137.13	137.13	0.00	96.00	42.84
TNM	18.00	18.00	0.00	14.50	24.14
FMBCH	130.00	130.00	0.00	67.00	94.03
OML	2935.00	2935.00	0.00	1930.00	52.07

Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		2.28	1395.00	11.84	1.43
DSI		2.57	123.53	7.91	2.01
BHL	28.00	4.11	115.00	7.14	0.70
ILV	240.00	0.00	0.00	24.18	4.68
MPICO	19.70	0.00	0.00	22.77	1.62
NBM	285.00	6.77	1930.00	6.95	1.64
NBS	8.70	0.00	0.00	N/A	2.02
NICO	48.00	3.13	150.00	4.50	2.22
NITL	56.98	2.28	130.00	3.46	0.90
PCL	680.00	3.68	2500.00	2.06	0.65
SBM	631.43	1.69	1065.00	12.18	2.05
SUN	137.13	0.67	92.00	6.31	1.91
TNM	18.00	3.33	60.00	13.79	6.20
FMBCH	130.00	0.00	0.00	39.64	6.93
OML	2,935.00	2.31	6790.00	12.03	1.38

CAPITAL MARKET DEVELOPMENTS

The local bourse remained flat during the week in review as there was no price movement on the 6 counters that traded. Active counters for the week included; MPICO, NBS, NICO, SBM, TNM and FMBCH. A total of 43.6 million Shares were traded at a consideration of K1.7 billion (Previous week MK259.1 million) in 18 deals. NICO dominated activity on the bourse and accounted for 92 percent of market turnover as 37 million shares on the counter were sold at a special bargain of MK44.00 per share.

With no price movement on both the local and foreign counters, the DSI and FSI closed at 18158.46 and points and 6743.62 respectively and the MASI closed at 27092.17.

CORPORATE EVENTS

Blantyre Hotels Plc held its AGM on 2nd May, 2018 where shareholders passed several resolutions affecting the company's authorised share capital. The first resolution approved by shareholders was the increase of authorised share capital from MK35 million to MK250 million by increasing 140 million shares to 1 billion shares at 25 tambala per share. The shareholders further approved that K1.1 billion of the company's retained earnings be capitalised and be used to pay for 38.7 million shares at MK28.00 per share. Finally, the shareholders authorised a share split of every ordinary share into 5 ordinary shares resulting in 671,800,564 shares allotted, issued and distributed among holders of ordinary shares in the company as at 18 May, 2018.

ECONOMIC EVENTS

The International Monetary Fund (IMF) has approved a new three-year arrangement for Malawi under the Extended Credit Facility (ECF) for SDR78.075 million (about US\$112.3 million), to support the country's economic and financial reforms. The decision enables an immediate disbursement of SDR11.15 million (about US\$16 million) and the remaining amount will be phased over the duration of the program, subject to semi-annual reviews.

IMF Deputy Managing Director, Mr Tao Zhang said "the medium-term economic outlook is favourable, with private sector activity expected to benefit from better infrastructure and an improved business climate." However, he was quick to point out that progress will depend on the authorities' strong ownership to support successful implementation of their program."

Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	1,234.06	2,682.69	4,468.23
Allotted (MK' m)	1,233.71	2,682.69	4,468.23
% Rejection	0.03%	0.00%	0.00%
Average	14.00	14.50	14.98
Current yield (%)	14.00	14.50	15.00
Previous yield (%)	14.00	14.50	15.00
Δ in Yield (%)	-	-	-
Highest Accepted Yield (%)	14.00	14.50	15.00
Lowest Accepted Yield (%)	14.00	14.50	14.95
Spread	-	-	0.05
Auction date	02-May-18	02-May-18	02-May-18
Settlement date	04-May-18	04-May-18	04-May-18
Maturity date	03-Aug-18	02-Nov-18	03-May-19
Next auction	08-May-18	08-May-18	08-May-18

The t-bill auction held on 2nd May, 2018 raised MK8.4 billion for the monetary authorities. All bids submitted for the auction were successful as the average yield stood firm at 14.0 percent, 14.5 percent and 15.0 percent for the 91TB, 182TB and 364TB respectively. Investor preference fell on long tenors with the 364TB accounting for 53.2 percent of total amount of bids, followed by the 182TB with 32 percent and lastly the 91TB with 14.7 percent.

Liquidity remained low in the money market as excess reserves dropped to a negative MK24.0 billion from minus MK4.7 billion in the previous week. The overnight interbank-bank lending rate rose to 14.54 percent from 14.51 percent in the previous week despite a drop in borrowing on the interbank window to MK4.7 billion from MK8.5 billion daily average in the previous week.

The Malawi Kwacha had a week of mixed fortunes in the foreign exchange market. The local currency traded flat against the USD at MK725.65. However, the Kwacha but appreciated against ZAR, EUR, and GBP and depreciated against the JPY.

FX Movement	04-May-18	27-Apr-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	983.04	1,008.10	(2.49)	974.35	0.89	7.02
MWK/EUR	867.75	876.80	(1.03)	865.10	0.31	5.25
MWK/JPY	6.85	6.84	0.13	6.63	3.35	0.02
MWK/ZAR	57.85	58.71	(1.47)	58.74	(1.52)	0.76

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	02-May-18	27-Apr-18	31-Dec-17	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	634.21	630.56	761.97	0.58	(16.77)
Gross Official Import Cover (months)	3.03	3.06	3.65	(0.98)	(16.99)
Private Sector Reserves (US\$ ml)	375.80	348.80	414.03	7.74	(9.23)
Private Sector Import Cover (months)	1.80	1.67	1.98	7.78	(9.09)

Source: NBM

Inflation (%)	Mar-18	Feb-18	% Δ month	Mar-18	% Δ Yr
Headline	9.9	7.8	2.10	15.80	(5.90)
Food	10.6	7.3	3.30	17.00	(6.40)
Non-Food	9.7	9.4	0.30	14.50	(4.80)

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