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Title: Weekly Market Update

Editor: Investment Analyst

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MSE Price Review (MWK) →

Counter	25-May-18	18-May-18	% Δ Wkly	31-Dec-17	% Δ Ytd
MASI	29109.44	28280.28	2.93	21598.07	34.78
DSI	19033.92	18760.42	1.46	16272.64	16.97
FSI	7738.28	7420.21	4.29	3519.43	119.87
BHL	35.00	35.00	0.00	28.00	25.00
ILV	240.00	240.00	0.00	240.00	0.00
MPICO	19.70	19.70	0.00	15.61	26.20
NBM	300.00	297.00	1.01	270.08	11.08
NBS	8.70	8.70	0.00	8.50	2.35
NICO	48.00	48.00	0.00	34.00	41.18
NITL	69.51	63.50	9.46	60.06	15.73
PCL	770.00	680.00	13.24	600.00	28.33
SBM	631.43	631.43	0.00	610.00	3.51
SUN	145.00	144.00	0.69	96.00	51.04
TNM	20.00	20.00	0.00	14.50	37.93
FMBCH	150.00	140.00	7.14	67.00	123.88
OML	2950.00	2935.00	0.51	1930.00	52.85

Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		2.26	1395.00	11.80	1.44
DSI		2.45	123.53	8.29	2.10
BHL	35.00	3.29	115.00	8.93	0.88
ILV	240.00	0.00	0.00	24.18	4.68
MPICO	19.70	0.00	0.00	22.77	1.62
NBM	300.00	6.43	1930.00	7.32	1.73
NBS	8.70	0.00	0.00	N/A	2.02
NICO	48.00	3.13	150.00	4.50	2.22
NITL	69.51	1.87	130.00	4.22	1.09
PCL	770.00	3.25	2500.00	2.33	0.74
SBM	631.43	1.69	1065.00	12.18	2.05
SUN	145.00	0.63	92.00	6.67	2.02
TNM	20.00	3.00	60.00	15.32	6.89
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 25th may, 2018, the bourse was bullish as it registered trading activity on all counters except for BHL. A total of 133.5 million shares changed hands at a consideration of MWK4.7 billion in 48 deals as compared to last week where 12 million shares were transacted at a consideration of MWK660 million in 30 deals. TNM had the most trades as 108.1million shares worth K2.1 billion changed hands and it was followed by FMBCH with 8 million shares worth K1.0 billion.

In the review period, the MASI inched upwards by 829.16 points from 28280.28 points to 29109.44 points due to an increase in both the DSI and FSI by 273.50 points from 18760.42 points to 19033.92 points and 498.07 points from 7240.21 points to 7738.28 points respectively.

The price gainers for the week were FMBCH by MK10.00 from MK140.00 to MK150.00, NBM by MK3.00 from MK297.00 to MK300.00, NITL by MK6.01 from MK63.50 to MK69.51, PCL by MK90.00 from MK680.00 to MK770.00, SUNBIRD by MK1.00 from MK144.00 to MK145.00 and OML by MK14.99 from MK2935.01 to MK2950.00.

ECONOMIC EVENTS

The tobacco control commission reported revenue of USD78.9 million on the close of week 6 which ended on 18th May, 2018. This represents a 59.15 percent increase compared to USD 49.6 million which was realised last year in the same period. However the average price declined by 11.96 percent to USD1.59 per kilogramme from USD1.80 per kilogramme.

The Ministry of Agriculture has reported that maize output declined in the 2017/18 farming year by 19.4 percent to 2.8 metric tonnes from 3.5 metric tonnes in the previous year. According to the Agriculture Minister Joseph Mwanavekha, the decline has been attributed to unstable weather conditions in some parts of the country. The government has since allocated MWK20.0 billion towards maize purchases and distribution in the budget.

Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	1,057.24	2,941.85	22.80
Allotted (MK' m)	897.63	0.40	-
% Rejection	15.10%	99.99%	100.00%
Average	14.00	14.50	15.00
Current yield (%)	14.00	14.50	-
Previous yield (%)	14.00	14.50	15.00
Δ in Yield (%)	(0.00)	-	(15.00)
Highest Accepted Yield (%)	14.00	14.50	15.00
Lowest Accepted Yield (%)	14.00	14.50	15.00
Spread	-	-	-
Auction date	22-May-18	22-May-18	22-May-18
Settlement date	24-May-18	24-May-18	24-May-18
Maturity date	23-Aug-18	22-Nov-18	23-May-19
Next auction	29-May-18	29-May-18	29-May-18

INFLATION DEVELOPMENTS

Headline inflation for April, 2018 decreased by 0.2 percentage points to 9.7 percent from 9.9 percent in March, 2018. Food inflation dropped by 60bps from 10.6 percent to 10.0 percent while non-food inflation declined by 80bps from 9.7 percent to 8.9 percent month-on-month. The decrease has been attributed to the drop in maize prices which is now selling at an average of K80 per kilogram.

Reserve bank of Malawi projections for the 2018 inflation figures indicate that it will average at 10.5 percent and close at 9.5 percent.

GOVERNMENT SECURITIES & MONEY MARKET DEVELOPMENTS

The T-bill auction held by the Reserve Bank of Malawi on 22nd May, 2018 attracted bids worth MK2.9 billion. However only K898 million worth of bids were allotted indicating a 77.67 percent rejection rate.

Liquidity remained in the negative on the interbank market despite a slight improvement as the excess reserves move from a negative MK3.08 billion to negative MK1.14 billion.

The overnight interbank-bank lending rate dropped to 15.84 percent from 15.89 percent. Daily average volume borrowed on the interbank market dropped from MK13.2 billion to MK12.2 billion.

The local currency appreciated against the GBP, EUR and depreciated against the ZAR and JPY. Meanwhile the USD is still fixed at K725.65 since the beginning of the year.

FX Movement	25-May-18	18-May-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	967.33	977.97	(1.09)	974.35	(0.72)	2.14
MWK/EUR	848.31	855.48	(0.84)	865.10	(1.94)	2.27
MWK/JPY	6.82	6.74	1.17	6.63	2.89	0.05
MWK/ZAR	58.69	57.92	1.32	58.74	(0.09)	0.67

Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	25-May-18	18-May-18	31-Dec-17	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	660.51	658.19	761.97	0.35	(13.32)
Gross Official Import Cover (months)	3.15	3.15	3.65	0.00	(13.70)
Private Sector Reserves (US\$ ml)	356.94	352.33	414.03	1.31	(13.79)
Private Sector Import Cover (months)	1.71	1.69	1.98	1.18	(13.64)

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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