



MALAWI STOCK EXCHANGE

# THIRD QUARTER MARKET REPORT

JULY – SEPTEMBER 2008

MALAWI STOCK EXCHANGE  
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# MALAWI STOCK EXCHANGE LIMITED

## MARKET PERFORMANCE REPORT FOR 1<sup>st</sup> JULY TO 30<sup>th</sup> SEPTEMBER 2008

### 1.0 INTRODUCTION

The market continued to register an improved performance in the third quarter of 2008 as it registered an increase in the value of trading transaction and year to date investment returns compared to the corresponding period of 2007.

YEAR -TO-DATE INDEX LEVEL AND RETURN				
	INDEX LEVEL	YEAR -TO-DATE INDEX RETURN		
		LOCAL CURRENCY	US DOLLAR	
<b>MASI</b>	5915.17	21.97 %	21.74 %	
<b>DSI</b>	4675.01	22.27 %	22.03 %	
TOP FOUR CAPITAL GAINERS IN THIRD QUARTER 2008				
<b>COUNTER</b>	<b>BHL</b>	<b>NBS</b>	<b>STANDARD BNK</b>	<b>NICO</b>
<b>CAPITAL GAIN %</b>	80.88	28.57	21.43	9.76
TOP FOUR TRADED COUNTERS BY VOLUME IN THIRD QUARTER 2008				
<b>COUNTER</b>	<b>NICO</b>	<b>MPICO</b>	<b>FMB</b>	<b>ILLOVO</b>
<b>% TRADED</b>	27.59	19.99	10.66	8.95
TOP FOUR TRADED COUNTERS BY VALUE IN THIRD QUARTER 2008				
<b>COUNTER</b>	<b>PCL</b>	<b>ILLOVO</b>	<b>NBM</b>	<b>NICO</b>
<b>% TRADED</b>	44.47	27.20	7.48	5.30

### 2.0 MARKET PERFORMANCE

#### 2.1 Trade Performance Statistics

From 1<sup>st</sup> July to 30<sup>th</sup> September, 2008 a total of 63,478,869 shares were transacted at a total consideration of MK2,750,533,076.05 (US\$19,568,567.32) in 764 trades. In the corresponding period 2007, the market transacted a total of 75,049,536 shares at a total consideration of MK1,036,391,411.30 (US\$7,389,272.86) in 763 trades. This reflects a 165.40% (164.82% in US Dollar terms) increase in share value but a decrease of 15.42% in share volume.

Daily average share trades exhibited similar trends as they were higher than for the corresponding third quarter 2007 period. The average daily turnover for the third quarter 2008 was MK44,363,436.71 (US\$315,622.05) compared with MK16,715,990.50 (US\$119,181.82) for the corresponding third quarter 2007.

The highest sales of shares in terms of share value were transacted in August at a total consideration of MK1,119,949,743.75 (US\$7,967,400.25) while in terms of share volume July was highest at a total of 25,562,904 shares.

**TABLE 1: TRADING SUMMARY FOR 1<sup>st</sup> JULY – 30<sup>th</sup> SEPTEMBER 2008**

<b>DATE</b>	<b>VOLUME</b>	<b>VALUE (MWK)</b>	<b>VALUE (US\$)</b>
July	25,562,904	862,095,536.30	6,135,155.48
August	19,755,890	1,119,949,753.75	7,967,400.25
September	18,160,075	768,487,786.00	5,466,011.58
<b>3<sup>rd</sup> Qtr 2008</b>	<b>63,478,869</b>	<b>2,750,533,076.05</b>	<b>19,568,567.32</b>
<b>3<sup>rd</sup> Qtr 2007</b>	<b>75,049,536</b>	<b>1,036,391,411.30</b>	<b>7,389,272.86</b>
<b>% CHANGE</b>	<b>- 15.42</b>	<b>165.40</b>	<b>164.82</b>
<b>2<sup>nd</sup> Qtr 2008</b>	<b>101,048,590</b>	<b>2,693,006,395.20</b>	<b>19,167,574.40</b>

## 2.2 Market Capitalisation and Index

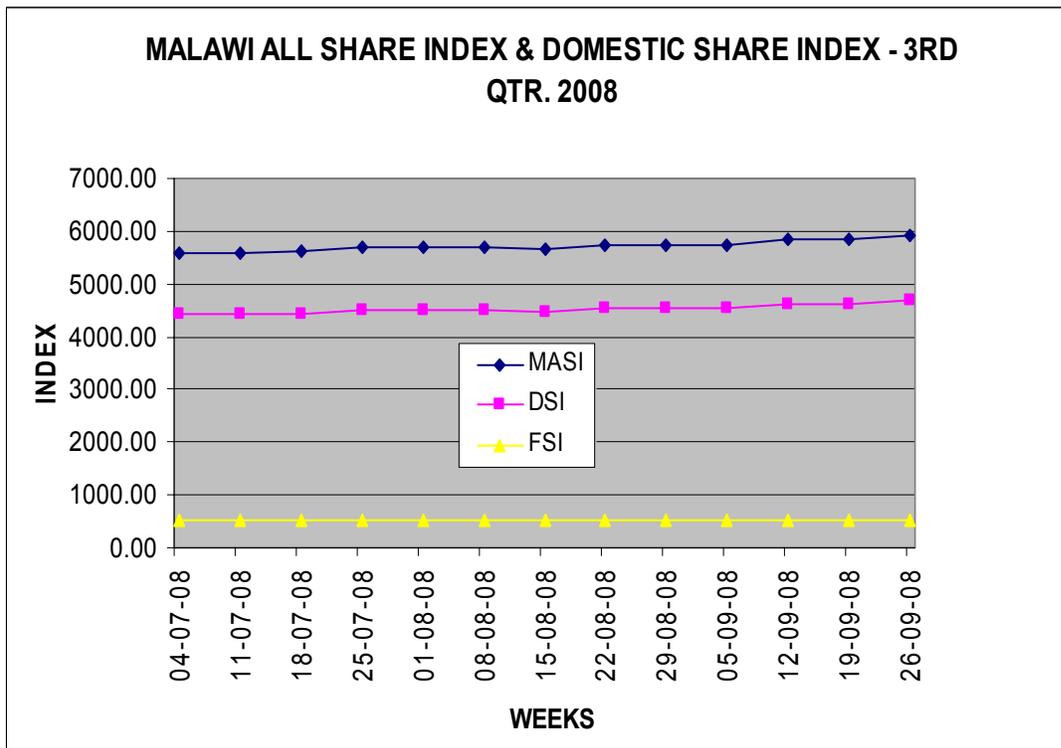
Total market capitalization for all listed stocks was at MK1,797.117 billion (US\$12.789 billion) as at the beginning of the third quarter, 2008 and increased to MK1,811.5 billion (US\$12.884.63 billion) as at 30<sup>th</sup> September 2008. The marginal increase in the market capitalization is due to capital gains in some of the traded counters.

The Malawi All Share Index (MASI), the index that measures the performance of the Exchange through the average price movement of all counters, increased from 5593.41 at the beginning of July to 5915.17 points at 30<sup>th</sup> September 2008, giving a Return on Index of 5.72 %, (year to date index return of 21.97%) while in US Dollar terms an index return of 5.69% (YTD return of 21.74 %). The gains registered in BHL, NBS, STANDARD BANK and NICO among others were the major drivers in the increase in both the Malawi All Share Index and Domestic Share Index to end of review period levels of 5915.17 and 4675.01 points respectively.

**Table 2: Market Capitalization and Index – 3<sup>rd</sup> Quarter 2008**

Month Ending	Mkt. Cap. MKm.	Mkt. Cap US\$m	Mkt. Cap. MKm*	Mkt. Cap US\$m*	MASI
July	1,797,116.69	12,789.6554	209,288.00	1,489.4533	5593.41
August	1,804,925.10	12,838.7844	217,096.42	1,544.2492	5741.22
September	1,811,502.69	12,884.6281	223,674.00	1,590.9202	5915.17
<b>3<sup>rd</sup> Qtr. 2008</b>	<b>1,811,502.69</b>	<b>12,884.6281</b>	<b>223,674.00</b>	<b>1,590.9202</b>	<b>5915.17</b>
<b>3<sup>rd</sup> Qtr. 2007</b>	<b>1,747,377.83</b>	<b>12,499.34</b>	<b>159,549.15</b>	<b>1,141.29</b>	<b>4332.68</b>
<b>2<sup>nd</sup> Qtr. 2008</b>	<b>1,796,716.69</b>	<b>12,787.0817</b>	<b>208,888.00</b>	<b>1,486.6383</b>	<b>5582.72</b>

\* Excludes non-Malawi register Old Mutual plc shares



### 2.3 Market Liquidity

The turnover velocity, as measured by the ratio of Total Value of Trades to Market Capitalisation (**TVT/MCAP\***) was recorded at 3.85% higher than the liquidity ratio of 2.61% registered in the third quarter of 2007. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 1.54 % while for the corresponding period of third quarter 2007, the liquidity ratio was 1.37 %.

**Table 3: Market Liquidity – 3<sup>rd</sup> Quarter 2008**

<b>MARKET LIQUIDITY: THIRD QUARTER 2008</b>					
<b>MONTH</b>	<b>Mkt. Cap/GDP</b>	<b>Mkt. Cap/GDP*</b>	<b>TVT/GDP</b>	<b>TVT/Mkt. Cap*</b>	<b>Shares Traded/Shares In Issue* %</b>
<b>Ended</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Jul-08	320.40	37.313	0.15370	0.4119	0.365832
Aug-08	321.79	38.705	0.19967	0.5159	0.282728
Sep-08	322.96	39.878	0.13701	0.3436	0.259890
<b>3<sup>rd</sup> Qtr. 08</b>	<b>322.96</b>	<b>39.878</b>	<b>1.5354</b>	<b>3.8504</b>	<b>4.3152</b>
<b>3<sup>rd</sup> Qtr. 07</b>	<b>577.07</b>	<b>52.691</b>	<b>1.369</b>	<b>2.206</b>	<b>5.616</b>
<b>2<sup>nd</sup> Qtr. 08</b>	<b>320.33</b>	<b>37.242</b>	<b>1.920</b>	<b>5.157</b>	<b>5.784</b>

\* Excludes non-Malawi register Old Mutual plc shares

## 2.4 Company Trading Performance

The market recorded trading activity on all counters during the review period. NICO Holdings registered the biggest trading volume of 17,510,771 shares representing 27.59 percent of the total volume of shares traded. While in terms of value, Press Corporation Limited registered the highest trading value of MK1,223,081,624.55 representing 44.47 %.

The highest price gainer during the review period was Blantyre Hotels Limited up by 80.88% from K3.40 to K6.15 per share. Other price gainers were NBS (28.57%), STANDARD Bank (21.43%), NICO (9.76%), MPICO (6.82%) and ILLOVO (3.85%). Capital loss was registered in NITL and PCL by 5.77% and 4.44%, respectively. First Merchant Bank, National Bank of Malawi, Packaging Industries Malawi Limited, Sunbird Tourism Limited and OML plc did not register price movements during the review period.

**Table 4. Company Trading Statistics**

<b>COMPANY TRADING STATISTICS: THIRD QUARTER 2008</b>						
<b>Company</b>	<b>Opening Price(t)</b>	<b>Closing Price(t)</b>	<b>Change in Price(t)</b>	<b>% Price Change</b>	<b>Share Vol. Trade</b>	<b>% Traded</b>
BHL	340	615	275	80.88	150,000	0.24
FMB	1000	1000	0	0.00	6,767,376	10.66
ILLOVO	13000	13500	500	3.85	5,682,295	8.95
MPICO	440	470	30	6.82	12,690,047	19.99
NBM	6400	6400	0	0.00	3,214,575	5.06
NBS	700	900	200	28.57	5,504,304	8.67
NICO	820	900	80	9.76	17,510,771	27.59
NITL	2600	2450	-150	-5.77	4,759,302	7.50
PCL	22500	21500	-1000	-4.44	5,605,177	8.83
PIM	625	625	0	0.00	32,600	0.05
STANBIC	7000	8500	1500	21.43	1,456,739	2.29
SUNBIRD	900	900	0	0.00	51,785	0.08
OML Plc	41500	41500	0	0.00	53,898	0.08
					<b>63,478,869</b>	<b>100.000</b>

### 3.0 ECONOMIC POSITION

- 3.1 The Malawi Kwacha during the three months period from 1<sup>st</sup> July to 30<sup>th</sup> September 2008, moved in value as follows: -

**TABLE 2: EXCHANGE RATES: THIRD QUARTER 2008**

<b>CURRENCY</b>	<b>JULY 2008</b>	<b>SEPTEMBER 2008</b>	<b>% CHANGE</b>
MK/US Dollar	140.5133	140.5941	-0.06
MK/GBP	284.2895	263.6085	7.85
MK/ZAR	18.6095	17.7067	5.10
MK/EUR	226.6775	212.4242	6.71

The Kwacha was firm against most trading currencies as it marginally depreciated by 0.06% against the US Dollar while against the British Pound sterling it appreciated by 7.85%. Against the US Dollar it shifted from its trading position of MK140.5133/US\$ to MK140.5941/US\$ while against the British Pound Sterling the Kwacha traded from K284.2895/GBP to K263.6085/GBP. Against the South African Rand, the Kwacha gained in value by 5.1 percent to close at MK17.7067/ZAR. The firmness and appreciation of the kwacha was due to weakness of the major trading currencies such as the US Dollar, the British Pound Sterling and the South African Rand.

- 3.2 The annual rate of inflation increased to 9.1% in August 2008 from 8.7% in July 2008. The increase was largely due to a surge in fuel and food prices during the review period. The urban and rural inflation rates for the month of August was 10.9% and 7.6% respectively.
- 3.3 The 91 days T-Bill yield was 12.20% as at the beginning of July 2008 and slightly increased to 13.20% at the auction held on 26<sup>th</sup> September 2008. The 182 days T-Bill decreased from 10.29% to 8.36% while the 273 days T-Bill increased from 12.56% to 13.43%. The upward trend is likely to continue in the short to medium term due to the intense competition on the limited liquidity arising from capital raising in the equity market and bonds issuance by the Reserve Bank of Malawi.
- 3.4 In the RBM bill market, the yield on the 63 days bill increased from 10.02% to 13.35% while the 91 days bill increased from 9.11% to 13.40% during the period July to September 2008.

<b>KEY MACROECONOMIC INDICATORS</b>					
	Sept. 2007	Dec. 2007	July 2008	August 2008	Sept. 2008
Inflation Rate	7.1	7.5	8.7	9.1	9.1 (Aug.)
RBM Bank Rate	20.0	15.0	15.0	15.0	15.0
Prime Rate	22.5	21.0	19.58	19.58	19.58
<b>TB YIELD</b>					
91 Days T-Bill	10.81	10.16	12.20	13.04	13.20
182 Days T-Bill	10.83	9.43	10.29	10.56	8.36
271 Days T-Bill	10.76	9.81	12.56	13.47	13.43
<b>RBM BILL YIELD</b>					
63 Days RBM Bill	11.84	8.00	10.02	13.87	13.35
91 Days RBM Bill	11.30	8.48	9.11	-	13.40