



MALAWI STOCK EXCHANGE

## SECOND QUARTER MARKET REPORT

APRIL – JUNE 2009

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# MALAWI STOCK EXCHANGE LIMITED

## MARKET PERFORMANCE REPORT FOR 1<sup>st</sup> APRIL TO 30<sup>th</sup> JUNE 2009

### 1.0 INTRODUCTION

The global financial crisis has eventually affected the Malawi Stock Exchange through its second round effects. The market was down in the second quarter of 2009, registering a negative return on index. Share volumes increased by 7.8 % compared to the second quarter of 2008.

YEAR -TO-DATE INDEX LEVEL AND RETURN				
	INDEX LEVEL	YEAR -TO-DATE INDEX RETURN		
		LOCAL CURRENCY	US DOLLAR	
MASI	4952.11	-18.70 %	-18.60 %	
DSI	3934.94	-18.29 %	-18.14 %	
CAPITAL LOOSERS IN SECOND QUARTER 2009				
COUNTER	MPICO	NITL	OML	
CAPITAL LOSS %	- 24.29	- 22.50	- 17.50	
TOP FOUR TRADED COUNTERS BY VOLUME IN SECOND QUARTER 2009				
COUNTER	TNM	MPICO	NBS	NICO
% TRADED	76.58	12.16	2.49	2.44
TOP FOUR TRADED COUNTERS BY VALUE IN SECOND QUARTER 2009				
COUNTER	TNM	NBM	STANDARD	ILLOVO
% TRADED	28.73	19.57	11.42	9.97

### 2.0 MARKET PERFORMANCE

#### 2.1 Trade Performance Statistics

The market also experienced a sluggish performance in terms of the value of trades transacted on the market in the second quarter of 2009. Between 1<sup>st</sup> April to 30<sup>th</sup> June, 2009 a total of 108,969,284 shares were transacted at a total consideration of MK569,944,812 (US\$4,053,515) in 423 trades. In the second quarter of 2008, the market transacted a total of 101,048,590 shares at a total consideration of MK2,693,006,395 (US\$19,167,574) in 888 trades. The increase in share volume in the second quarter of 2009 is as a result of a significant withdrawal of portfolio investors from the market in search of lowly priced stocks in the big and developed stock exchanges.

This created excess supply in the market which resulted into lower stock prices, hence the low total value transacted.

Daily average share trades exhibited similar trends as the market registered the daily volume of 1,757,569 shares compared to 1,629,816 shares traded in the corresponding second quarter of 2008. The average daily turnover for the second quarter 2009 was MK9,192,658.26 (US\$65,379.27) compared with MK43,435,587.02 (US\$309,154.43) for the corresponding second quarter 2008, reflecting a decrease by 78.84 % (78.85% in US\$ terms).

The highest sales in terms of both share value and volume were transacted in June at a total consideration of MK237,385,933.45 (US\$1,688,321.16) in 76,136,327 shares.

**TABLE 1: TRADING SUMMARY FOR 1<sup>st</sup> APRIL – 30<sup>th</sup> JUNE 2009**

DATE	VOLUME	VALUE (MWK)	VALUE (US\$)
April	12,764,321	184,896,892.45	1,314,995.97
May	20,068,636	147,661,986.45	1,050,197.85
June	76,136,327	237,385,933.45	1,688,321.16
<b>2<sup>nd</sup> Qtr 2009</b>	<b>108,969,284</b>	<b>569,944,812.35</b>	<b>4,053,514.99</b>
<b>2<sup>nd</sup> Qtr 2008</b>	<b>101,048,950</b>	<b>2,693,006,395.20</b>	<b>19,167,574.40</b>
<b>% CHANGE</b>	<b>7.84</b>	<b>- 78.84</b>	<b>- 78.85</b>
<b>1<sup>st</sup> Qtr 2009</b>	<b>197,303,919</b>	<b>860,806,030.05</b>	<b>6,122,210.93</b>

## 2.2 Market Capitalisation and Index

Total market capitalization for all listed stocks was at MK970.84 billion (US\$6.90 billion) as at the beginning of the second quarter, 2009 and decreased to MK835.73 billion (US\$5.94 billion) as at 30<sup>th</sup> June 2009. The 13.92% decrease in the market capitalization is due to share price declines in the traded counters such as MPICO, NITL and OML plc.

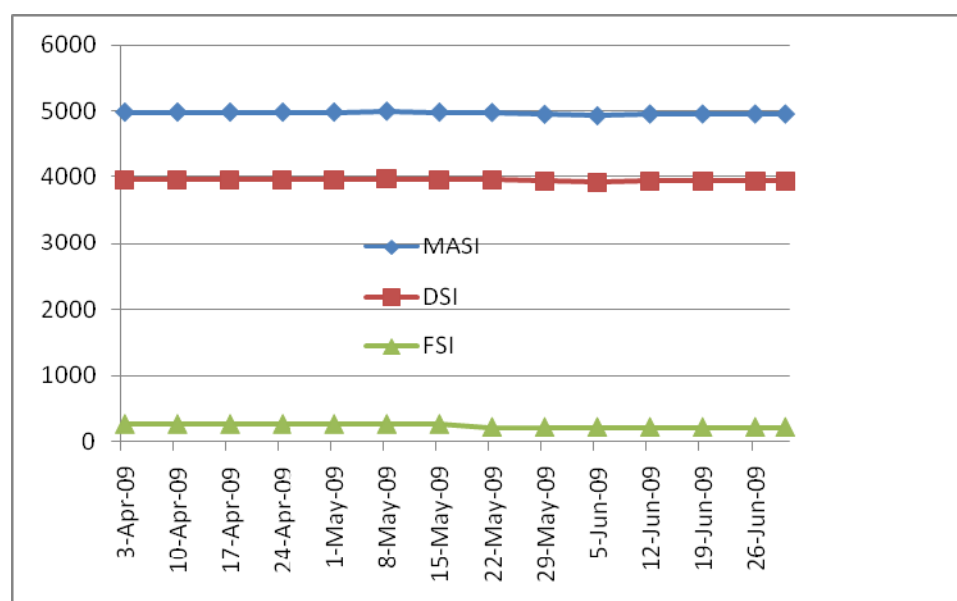
The Malawi All Share Index (MASI), the index that measures the average price movement of all counters at the Exchange decreased from 4981.01 points registered in the first week of April to 4952.11 points registered as at 30<sup>th</sup> June 2009, giving a negative return on index of -0.58%, (-0.60% in US\$ terms). The price losses registered in MPICO, NITL and OML were the major drivers in the decrease in the Malawi All Share Index arising from the decrease in both the Domestic Share Index and the Foreign Share Index to the current levels of 3934.94 and 207.38 points respectively.

Table 2: Market Capitalization and Index – 2<sup>ND</sup> Quarter 2009

Month Ending	Mkt. Cap. MKm.	Mkt. Cap. US\$m	Mkt. Cap. MKm*	Mkt. Cap. US\$m*	MASI
Apr-09	970,838.61	6,904.6496	205,619.97	1,462.3788	4981.01
May-09	835,560.01	5,942.6179	204,254.62	1,452.6870	4947.94
Jun-09	835,732.36	5,943.8691	204,426.98	1,453.9191	4951.11
2 <sup>nd</sup> Qtr. 2009	835,732.36	5,943.8691	204,426.98	1,453.9191	4951.11
1 <sup>st</sup> Qtr. 2008	1,796,716.69	12,787.0817	208,888.00	1,486.6383	5028.55
1 <sup>st</sup> Qtr. 2009	970,838.61	6,904,6447	205,619.97	1,462,3778	4981.01

\* Excludes non-Malawi register Old Mutual plc shares

FIG 1 : MALAWI ALL SHARE AND DOMESTIC SHARE INDEX – 2<sup>ND</sup> QTR. 2009



## 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 1.12%, lower than the liquidity ratio of 5.16% registered in second quarter 2008. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 0.35 % in the review period while the corresponding period of second quarter 2008 liquidity was at 1.920 %.

Table 3: Market Liquidity – 2<sup>nd</sup> Quarter 2009

<b>MARKET LIQUIDITY: FIRST QUARTER 2009</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>
April	149.84	31.736	0.02854	0.0899	0.073827
May	128.96	31.526	0.02279	0.0723	0.116074
June	128.99	31.552	0.03664	0.1161	0.440362
<b>2<sup>nd</sup> Qtr. 09</b>	<b>128.99</b>	<b>31.552</b>	<b>0.3519</b>	<b>1.1152</b>	<b>2.5211</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>
<b>1<sup>st</sup> Qtr. 09</b>	<b>173.09</b>	<b>36.659</b>	<b>0.61387</b>	<b>1.6746</b>	<b>4.564714</b>

\* Excludes non-Malawi register Old Mutual plc shares

## 2.4 Company Trading Performance

The market recorded trading activity on all counters except Blantyre Hotels Limited and Packaging Industries Malawi Limited during the review period. TNM registered the biggest turnover of MK163,756,641.50 in 83,443,861 shares representing 28.73 % and 76.58 %, respectively.

Standard Bank was the only counter that registered a price gain during the review period from K70.00 to K73.00 per share. The highest price loss during the review period was MPICO down by 24.29% from K3.50 to K2.65 per share. Other price losers in the review period were NITL by 22.50% and OML plc by 17.50%. Blantyre Hotels Limited, First Merchant Bank, Illovo Sugar, National Bank of Malawi, NBS Bank, NICO Holdings Limited, Press Corporation Limited, Packaging Industries Malawi Limited, Real Insurance, SUNBIRD and Telecom Networks Malawi Limited did not register price movements during the review period.

**Table 4. Company Trading Statistics**

<b>COMPANY TRADING STATISTICS : SECOND QUARTER 2009</b>						
<b>Company</b>	<b>Opening Price</b>	<b>Closing Price</b>	<b>Change in Price</b>	<b>% Price Change</b>	<b>Share Vol. Trade</b>	<b>% Traded</b>
BHL	615	615	0	0.00	0	0.00
FMB	1050	1050	0	0.00	1,327,920	1.22
ILLOVO	11000	11000	0	0.00	517,525	0.47
MPICO	350	265	-85	-24.29	13,253,657	12.16
NBM	5900	5900	0	0.00	1,926,715	1.77
NBS	1400	1400	0	0.00	2,711,502	2.49
NICO	900	900	0	0.00	2,663,500	2.44
NITL	2000	1550	-450	-22.50	1,158,150	1.06
PCL	12000	12000	0	0.00	189,987	0.17
PIM	625	625	0	0.00	0	0.00
REAL	230	230	0	0.00	628,137	0.58
STANBIC	7000	7300	300	4.29	921,013	0.85
SUNBIRD	890	890	0	0.00	28,500	0.03
TNM	200	200	0	0.00	83,443,861	76.58
OML PLC	20000	16500	-3500	-17.50	198,817	0.18
					<b>108,969,284</b>	<b>100.000</b>

### 3.0 ECONOMIC POSITION

#### 3.1 EXCHANGE RATES

The Malawi Kwacha was firm against the US Dollar during the review period as it marginally depreciated by 0.002% from a trading position of MK140.6065/US\$ to MK140.6041/US\$. Against the South African Rand, the Kwacha depreciated by 14.20% while against the British Pound Sterling and the Euro, the Kwacha depreciated by 9.96% and 6.37% respectively. Despite the Kwacha registering a loss in value against some currencies, the level of foreign exchanges reserves slightly improved as at 26<sup>th</sup> June 2009 to 2.1 months of Import Cover from 1.73 months registered in May 2009. The increase in reserves is partly as a result of an improvement in tobacco prices in the months of May and June 2009.

The Malawi Kwacha moved during the three months period from 1<sup>st</sup> April to 30<sup>th</sup> June 2009, value as follows: -

**TABLE 2: EXCHANGE RATES: SECOND QUARTER 2009**

<b>CURRENCY</b>	<b>END JAN' 2009</b>	<b>END MAR' 2009</b>	<b>% CHANGE</b>
MK/US Dollar	140.6065	140.6041	0.00
MK/GBP	235.2309	261.2413	-9.96
MK/ZAR	17.8261	20.7768	-14.20
MK/EUR	219.1423	234.0405	-6.37

### 3.2 INFLATION

The year on year national inflation rate dropped by 0.5% points in the month of May 2009 from the 9.2% in month of April to 8.7% due to a decline in the Food Index by 7.4% emanating from seasonal market forces of increased availability of maize on the market at lower prices. The urban and rural inflation rates for the month of May, 2009 were 10.5% and 7.7% respectively

### 3.3 INTEREST RATES

Treasury bills (TBs) rates registered an increasing trend during the review period of April to 26<sup>th</sup> June 2009. The 91 days TB yield increased from 10.14% to 11.00% while the 182 days TB yield increased from 12.38% to 13.25%. The yield on the 273 days TB yield increased from 12.60% to 13.06%.

KEY MACROECONOMIC INDICATORS					
	June. 2008	Dec. 2008	April. 2009	May. 2009	June. 2009
Inflation Rate	8.2	9.9	9.2	8.7	8.7 (May)
RBM Bank Rate	15.0	15.0	15.0	15.0	15.0
Prime Rate	19.58	19.58	19.58	19.58	19.58
<b>TB YIELD</b>					
91 Days T-Bill	12.16	13.42	10.14	10.59	11.00
182 Days T-Bill	9.35	13.32	12.38	12.53	13.25
271 Days T-Bill	12.56	13.53	12.60	12.75	13.06