



MALAWI STOCK EXCHANGE

THIRD QUARTER MARKET REPORT

JULY – SEPTEMBER 2009

MALAWI STOCK EXCHANGE
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MALAWI STOCK EXCHANGE LIMITED

MARKET PERFORMANCE REPORT FOR 1st JULY TO 30th SEPTEMBER 2009

1.0 INTRODUCTION

The Malawi Stock Exchange registered a marginal positive return on index during the third quarter, 2009. Trading activity was, however, low as both share volumes and value decreased by 55.2 % and 85.9 %, respectively, compared to the third quarter of 2008.

YEAR -TO-DATE INDEX LEVEL AND RETURN				
	INDEX LEVEL	YEAR -TO-DATE INDEX RETURN		
		LOCAL CURRENCY	US DOLLAR	
MASI	4952.21	-18.70 %	-18.55 %	
DSI	3941.28	-18.16 %	-18.01 %	
CAPITAL GAINERS IN THIRD QUARTER 2009				
COUNTER	OML	PCL	STANDARD	
CAPITAL GAIN %	9.1	8.33	2.05	
CAPITAL LOSERS IN THIRD QUARTER 2009				
COUNTER	FMB			
CAPITAL LOSS %	- 4.76			
TOP FOUR TRADED COUNTERS BY VOLUME IN THIRD QUARTER 2009				
COUNTER	TNM	MPICO	NBS	FMB
% TRADED	48.79	13.82	13.57	4.34
TOP FOUR TRADED COUNTERS BY VALUE IN THIRD QUARTER 2009				
COUNTER	ILLOVO	PCL	OML	NBM
% TRADED	21.91	19.97	12.62	12.24

2.0 MARKET PERFORMANCE

2.1 Trade Performance Statistics

Between 1st July to 30th September, 2009 a total of 28,431,355 shares were transacted at a total consideration of MK387,947,019.85 (US\$2,759,127.02) in 472 trades. In the third quarter of 2008, the market transacted a total of 63,478,869 shares at a total consideration of MK2,750,533,076.05 (US\$19,568,567.32) in 764 trades. Volume of shares traded declined by 55.21 % while share value by 85.9 % from the third quarter 2008.

Daily average share trades exhibited similar trends as the market registered the daily volume of 458,570 shares compared to 1,023,853 shares traded in the corresponding third quarter of 2008. The average daily turnover for the third quarter 2009 was MK6,257,210.00 (US\$44,502.05) compared with MK44,363,436.71 (US\$315,622.05) for the corresponding third quarter 2008, reflecting a decrease by 85.90 % (85.90% in US\$ terms).

The highest sales in terms of share volume were transacted in August at a total of 12,422,089 shares. In terms of value July was the highest at a total consideration of MK144,404,391 (US\$1,027,032.90).

TABLE 1: TRADING SUMMARY FOR 1st JULY – 30th SEPTEMBER 2009

DATE	VOLUME	VALUE (MWK)	VALUE (US\$)
July	11,035,059	144,404,391.00	1,027,032.90
August	12,422,089	120,567,761.85	857,491.14
September	4,974,207	122,974,867.00	874,602.98
3 rd Qtr 2009	28,431,355	387,947,019.85	2,759,127.02
3 rd Qtr 2008	63,478,869	2,750,533,076.05	19,568,567.32
% CHANGE	- 55.21	- 85.90	- 85.90
2 nd Qtr 2009	108,969,284	569,944,812.35	4,053,514.99

2.2 Market Capitalisation and Index

Total market capitalization for all listed stocks was at MK835.73 billion (US\$5.94 billion) as at the beginning of the third quarter, 2009 and increased to MK896.26 billion (US\$6.37 billion) as at 30th September 2009. The 7.24% increase in the market capitalization is due to share price increases in counters such as OML plc, PCL and Standard Bank.

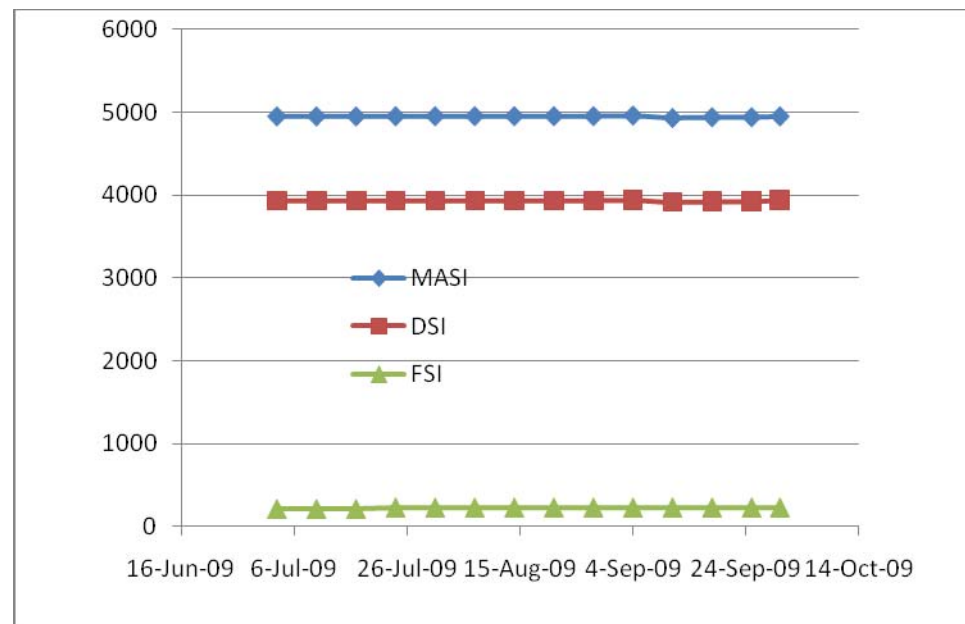
The Malawi All Share Index (MASI), the index that measures the average price movement of all counters at the Exchange marginally increased by 0.2 basis points from 4952.11 points registered in the first week of July to 4952.21 points registered as at 30th September 2009. The price gains registered in OML plc, PCL and Standard Bank were the major drivers in the increase in the Malawi All Share Index arising from the increase in both the Domestic Share Index from 3934.94 to 3941.28 points and the Foreign Share Index from 3934.94 to 3941.28 points.

Table 2: Market Capitalization and Index – 3rd Quarter 2009

Month Ending	Mkt. Cap. MKm.	Mkt. Cap US\$m	Mkt. Cap. MKm*	Mkt. Cap US\$m*	MASI
July-09	835,732.36	5,943.903	204,426.98	1,453.927	4952.11
August-09	894,931.75	6,364.796	206,234.97	1,466.753	4954.28
Sept.-09	896,259.57	6,374.245	207,562.79	1,476.197	4952.21
3 rd Qtr. 2009	896,259.57	6,374.245	207,562.79	1,453.9191	4952.21
3 rd Qtr. 2008	1,811,502.69	12,884.628	223,674.00	1,590.9202	5915.170
2 nd Qtr. 2009	835,732.36	5,943.8691	204,426.98	1,453.9191	4952.11
1 st 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 – 3rd 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 0.75%, lower than the liquidity ratio of 3.85% registered in third quarter 2008. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 0.24 % in the review period while the corresponding period of third quarter 2008 liquidity was at 1.54 %.

Table 3: Market Liquidity – 3rd Quarter 2009

MARKET LIQUIDITY: FIRST QUARTER 2009					
MONTH	Mkt. Cap/GDP	Mkt. Cap/GDP*	TVT/GDP	TVT/Mkt. Cap*	Shares Traded/Shares
Ended	%	%	%	%	In Issue* %
July-09	128.99	31.552	0.02229	0.0706	0.06383
August-09	138.13	31.831	0.01861	0.0585	0.07185
Sept.-09	138.33	32.036	0.0198	0.0592	0.02855
3rd Qtr. 09	138.33	32.036	0.240	0.748	0.653
3rd Qtr. 08	322.96	39.878	1.535	3.850	4.315
2nd Qtr. 09	128.99	31.552	0.3519	1.1152	2.5211
1st Qtr. 09	173.09	36.659	0.61387	1.6746	4.564714

* 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 during the review period. Illovo Sugar Malawi Limited registered the biggest turnover of MK85,007,272.00 representing 21.91% while in terms of share volume, TNM registered the biggest trading volume of 13,870,605 shares, representing 48.79 %.

Three counters registered price gains during the review period and these were OML plc from K165.00 to K180.00, PCL from K120.00 to K130.00 and Standard Bank from K73.00 to K74.50 per share. Price loss was registered in only one counter, FMB, during the review period down by 4.76% from K10.50 to K10.00 per share. Blantyre Hotels Limited, Illovo Sugar, MPICO, National Bank of Malawi, NBS Bank, NICO Holdings 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

COMPANY TRADING STATISTICS : THIRD QUARTER 2009						
Company	Opening Price	Closing Price	Change in Price	% Price Change	Share Vol. Trade	% Traded
BHL	615	615	0	0.00	0	0.00
FMB	1050	1000	-50	-4.76	1,234,539	4.34
ILLOVO	11000	11000	0	0.00	850,493	2.99
MPICO	265	265	0	0.00	3,929,974	13.82
NBM	5900	5900	0	0.00	820,042	2.88
NBS	1400	1400	0	0.00	3,857,927	13.57
NICO	900	900	0	0.00	392,996	1.38
NITL	1550	1550	0	0.00	1,226,874	4.32
PCL	12000	13000	1000	8.33	681,725	2.40
PIM	625	625	0	0.00	285,000	1.00
REAL	230	230	0	0.00	556,375	1.96
STANBIC	7300	7450	150	2.05	276,566	0.97
SUNBIRD	890	890	0	0.00	176,162	0.62
TNM	200	200	0	0.00	13,870,605	48.79
OML PLC	16500	18000	1500	9.09	272,077	0.96
					28,431,355	100.000

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 0.001% from a trading position of MK140.6033/US\$ to MK140.6064/US\$. Against the South African Rand, the Kwacha appreciated by 4.12% while against the British Pound Sterling and the Euro, the Kwacha appreciated by 11.94% and 5.54% respectively. The level of foreign exchanges reserves slightly improved as at 25th September 2009 to 3.1 months of Import Cover from 1.70 months registered in June 2009. The increase in reserves is partly as a result of an improvement in tobacco prices in the months of August and September 2009.

The Malawi Kwacha moved during the three months period from 1st July to 30th September 2009, value as follows: -

TABLE 2: EXCHANGE RATES: THIRD QUARTER 2009

CURRENCY	JULY' 2009	SEPT. 2009	% CHANGE
MK/US Dollar	140.6033	140.6064	0.00
MK/GBP	254.9716	227.7799	11.94
MK/ZAR	19.9902	20.7768	4.12
MK/EUR	219.1423	207.6303	5.54

3.2 INFLATION

The year on year national inflation rate for the month of August, 2009 dropped by 0.2% points to 7.8% from the 8.0% registered in month of July, 2009. The drop was due to a decline in the Food Index to 6.8% 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 August, 2009 were 9.3% and 6.9%, respectively

3.3 INTEREST RATES

The 91 days TB yield decreased from 11.02% to 10.47% while the 182 days TB yield increased from 12.99% to 13.39% during the period 1st July to 30th September, 2009. The yield on the 273 days TB yield increased from 12.71% to 13.46% during the third quarter 2009.

KEY MACROECONOMIC INDICATORS					
	Sept. 2008	Dec. 2008	July. 2009	Aug. 2009	Sept. 2009
Inflation Rate	9.3	9.9	8.0	7.8	7.8 (Aug.)
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
TB YIELD					
91 Days T-Bill	13.20	13.42	11.02	11.11	10.47
182 Days T-Bill	8.36	13.32	12.99	13.72	13.39
271 Days T-Bill	13.43	13.53	12.71	13.93	13.46