



MALAWI STOCK EXCHANGE

# FIRST QUARTER MARKET REPORT

JANUARY – MARCH 2010

MALAWI STOCK EXCHANGE  
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# MALAWI STOCK EXCHANGE LIMITED

## MARKET PERFORMANCE REPORT FOR 1<sup>st</sup> JANUARY TO 31<sup>st</sup> MARCH 2010

### 1.0 INTRODUCTION

The market was slightly down in the first quarter of 2010 as it registered a marginal negative return on index compared to the first quarter of 2009.

| YEAR -TO-DATE INDEX LEVEL AND RETURN                     |             |                            |         |           |
|--|-------------|----------------------------|---------|-----------|
|  | INDEX LEVEL | YEAR -TO-DATE INDEX RETURN |         |           |
|  |             | LOCAL CURRENCY(MWK)        |         | US DOLLAR |
| MASI   | 4984.81     | -3.30 %                    |         | -5.74%    |
| DSI  | 3951.35     | -3.32 %                    |         | -5.76 %   |
|  |             |                            |         |           |
| TOP TWO CAPITAL GAINERS IN FIRST QUARTER 2010            |             |                            |         |           |
| COUNTER  | STANDARD    |                            | BHL     |           |
| CAPITAL GAIN %   | 3.26        |                            | 2.44    |           |
|  |             |                            |         |           |
| TOP FOUR CAPITAL LOSERS IN FIRST QUARTER 2010            |             |                            |         |           |
| COUNTER  | TNM         | NBS                        | NICO    | MPICO     |
| CAPITAL LOSS %   | - 17.00     | - 14.29                    | - 13.33 | - 7.69    |
|  |             |                            |         |           |
| TOP FOUR TRADED COUNTERS BY VOLUME IN FIRST QUARTER 2010 |             |                            |         |           |
| COUNTER  | TNM         | NBS                        | NICO    | MPICO     |
| % TRADED   | 46.63       | 24.10                      | 13.34   | 5.88      |
|  |             |                            |         |           |
| TOP FOUR TRADED COUNTERS BY VALUE IN FIRST QUARTER 2010  |             |                            |         |           |
| COUNTER  | NBS         | ILLOVO                     | NICO    | NBM       |
| % TRADED   | 31.73       | 15.39                      | 10.95   | 10.55     |

### 2.0 MARKET PERFORMANCE

#### 2.1 Trade Performance Statistics

From 1<sup>st</sup> January to 31<sup>st</sup> March, a total of 68,050,795 shares were transacted at a total consideration of MK612,648,356.65 (US\$4,069,431.05) in 341 trades. In the corresponding period 2009, the market transacted a total of 197,303,919 shares at a total consideration of MK860,806,030.03 (US\$6,122,210.93) in 538 trades. This reflects a 65.51 % decrease in terms of share volume and a 28.83 % (33.53% in US Dollar terms) decrease in share value.

Daily average share trades exhibited similar trends; the market registered average daily volume of 1,097,593 shares compared to 3,182,321 shares traded in the corresponding first quarter of 2009. The average daily turnover for the first quarter 2010 was MK9,881,425.11 (US\$65,635.98) compared with MK13,883,968.23 (US\$98,745.34) for the corresponding first quarter 2009, reflecting a decrease by 28.83 % (33.53% in US\$ terms).

The highest sales of shares in terms of volume were transacted in March at a total of 41,879,101 shares but in terms of value it was in February at a total turnover of MK264,821,558.80 (US\$1,756,104.96).

**TABLE 1: TRADING SUMMARY FOR 1<sup>ST</sup> JANUARY – 31<sup>ST</sup> MARCH 2010**

| <b>DATE</b>                    | <b>VOLUME</b>      | <b>VALUE (MWK)</b>    | <b>VALUE (US\$)</b> |
|--------------------------------|--------------------|-----------------------|---------------------|
| January                        | 7,018,033          | 92,482,457.36         | 620,069.12          |
| February                       | 19,153,661         | 264,821,558.80        | 1,756,104.96        |
| March                          | 41,879,101         | 255,344,340.80        | 1,693,256.98        |
| <b>1<sup>st</sup> Qtr 2010</b> | <b>68,050,795</b>  | <b>612,648,356.65</b> | <b>4,069,431.05</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> |
| <b>% CHANGE</b>                | <b>- 65.51</b>     | <b>- 28.83</b>        | <b>- 33.53</b>      |

## 2.2 Market Capitalisation and Index

Total market capitalization for all listed stocks was MK215.625 billion (US\$1.47 billion) as at the opening of the first quarter, 2010 and closed at MK208.51 billion (US\$1.38 billion) as at 31<sup>st</sup> March 2010, reflecting a decrease of 3.30 % due to share price declines in several of the traded counters.

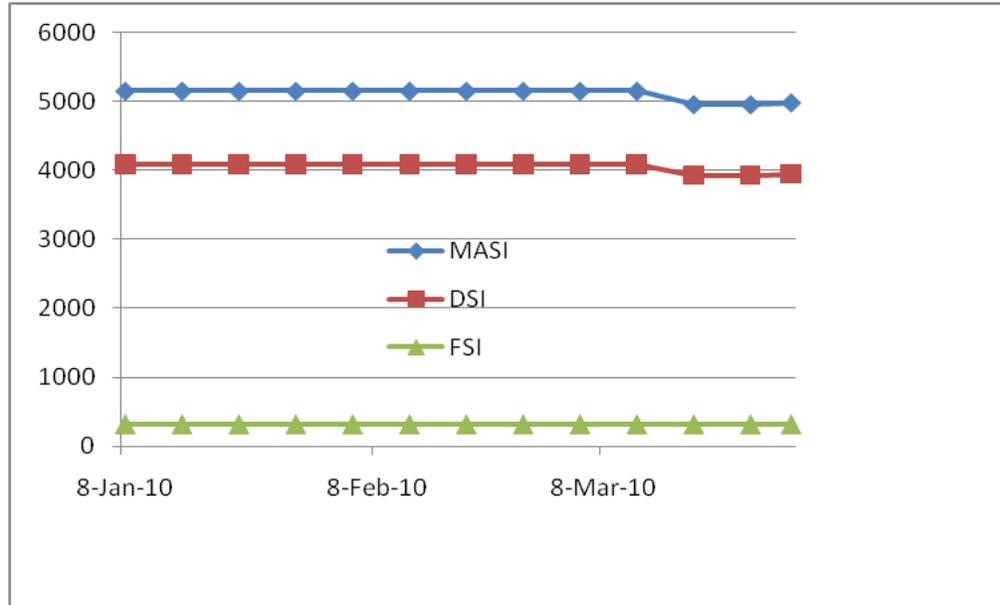
The Malawi All Share Index (MASI) decreased from 5154.95 points registered in the month of January to 4984.81 points on 31<sup>st</sup> March 2010, giving a negative return on index of -3.30 %, (-5.74% in US\$ terms). The price losses registered by TNM, NICO, NBS, MPICO, NBM, and PCL were the major drivers in the decrease in the Malawi All Share Index arising from the decrease in the Domestic Share Index.

**Table 2: Market Capitalization and Index – 1st Quarter 2010**

| Month Ending         | Mkt. Cap. MKm. | Mkt. Cap US\$m | Mkt. Cap. MKm* | Mkt. Cap US\$m* | MASI    |
|----------------------|----------------|----------------|----------------|-----------------|---------|
| January              | 1,172,148.07   | 215,624.76     | 7,973.7964     | 1,466.8351      | 5154.95 |
| February             | 1,172,154.49   | 215,631.18     | 7,772.8614     | 1,429.9065      | 5155.10 |
| March                | 1,165,031.38   | 208,508.07     | 7,725.6313     | 1,382.6722      | 4984.81 |
| <b>1st Qtr. 2010</b> | 1,165,031.38   | 208,508.07     | 7,973.7964     | 1,466.8351      | 4984.81 |
| <b>1st Qtr. 2009</b> | 970,838.61     | 6,904,6447     | 205,619.97     | 1,462,3778      | 4981.01 |

\* Excludes non-Malawi register Old Mutual plc shares

**FIG 1: MSE INDICES – FIRST QUARTER 2010**



### 2.3 Market Liquidity

The turnover velocity, the ratio of Total Value of Trades to Market Capitalisation (**TVT/MCAP\***) was recorded at 1.18%, lower than 1.67% registered in first quarter 2009. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 0.38 % in the review period while the corresponding period of first quarter 2009 liquidity was at 0.61 %.

**Table 3: Market Liquidity – 1st Quarter 2010**

| MARKET LIQUIDITY: FIRST QUARTER 2010 |               |               |                |               |                                  |
|--------------------------------------|---------------|---------------|----------------|---------------|----------------------------------|
| MONTH                                | Mkt. Cap/GDP  | Mkt. Cap/GDP* | TVT/GDP        | TVT/Mkt. Cap* | Shares Traded/Shares In Issue* % |
| Ended                                | %             | %             | %              | %             | %                                |
| January                              | 180.91        | 33.281        | 0.01427        | 0.0429        | 0.040279                         |
| February                             | 180.92        | 33.282        | 0.04087        | 0.1228        | 0.109931                         |
| March                                | 179.82        | 32.182        | 0.03941        | 0.1225        | 0.240361                         |
| <b>1st Qtr. 10</b>                   | <b>179.82</b> | <b>32.182</b> | <b>0.37824</b> | <b>1.1753</b> | <b>1.56285</b>                   |
| <b>1st 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 PIM and SUNBIRD during the review period. TNM Limited registered the biggest trading volume of 31,734,200 shares. The highest share value of MK194,378,681.00 representing 31.73 % of the total volume of shares traded were traded on NBS Bank.

The capital gainers during the review period were STANDARD Bank by 3.26% from K92.00 to K95.00 and Blantyre Hotels Limited by 2.44% from K6.15 to K6.30 per share. The highest price loss during the review period was TNM down by 17.0% from K2.00 to K1.66 per share. Other price losers were NBS Limited (14.29%), NICO (13.33%), MPICO (7.69%), PCL (4.91%) and NBM (3.39%). FMB, ILLOVO, PIM, REAL, SUNBIRD and OML plc did not register price movements during the review period.

**Table 4. Company Trading Statistics**

| COMPANY TRADING STATISTICS : FIRST QUARTER 2010 |               |               |                 |                |                   |                |
|---|---------------|---------------|-----------------|----------------|-------------------|----------------|
| Company   | Opening Price | Closing Price | Change in Price | % Price Change | Share Vol. Trade  | % Traded       |
| BHL   | 615           | 630           | 15              | 2.44           | 1,504,737         | 2.21           |
| FMB   | 1000          | 1000          | 0               | 0.00           | 574,702           | 0.84           |
| ILLOVO  | 11000         | 11000         | 0               | 0.00           | 890,728           | 1.31           |
| MPICO   | 260           | 240           | -20             | -7.69          | 4,003,423         | 5.88           |
| NBM   | 5900          | 5700          | -200            | -3.39          | 1,159,558         | 1.70           |
| NBS   | 1400          | 1200          | -200            | -14.29         | 16,402,032        | 24.10          |
| NICO  | 900           | 780           | -120            | -13.33         | 9,079,819         | 13.34          |
| NITL  | 1550          | 1550          | 0               | 0.00           | 1,978,500         | 2.91           |
| PCL   | 16300         | 15500         | -800            | -4.91          | 474,623           | 0.70           |
| PIM   | 625           | 625           | 0               | 0.00           | 0                 | 0.00           |
| REAL  | 230           | 230           | 0               | 0.00           | 22,770            | 0.03           |
| STANBIC   | 9200          | 9500          | 300             | 3.26           | 214,503           | 0.32           |
| SUNBIRD   | 890           | 890           | 0               | 0.00           | 0                 | 0.00           |
| TNM   | 200           | 166           | -34             | -17.00         | 31,734,200        | 46.63          |
| OML PLC   | 25000         | 25000         | 0               | 0.00           | 11,200            | 0.02           |
|   |               |               |                 |                | <b>68,050,795</b> | <b>100.000</b> |

### 3.0 ECONOMIC POSITION

- 3.1 The Malawi Kwacha moved during the three months period from 1<sup>st</sup> January to 31<sup>st</sup> March 2010, value as follows: -

**TABLE 2: EXCHANGE RATES: FIRST QUARTER 2010**

| CURRENCY     | END JAN' 2010 | END MAR' 2010 | % CHANGE |
|--------------|---------------|---------------|----------|
| MK/US Dollar | 147.000       | 150.8008      | - 2.52   |
| MK/GBP       | 237.0794      | 231.5020      | 2.41     |
| MK/ZAR       | 20.5523       | 21.2213       | -3.15    |
| MK/EUR       | 213.2895      | 205.6120      | 3.73     |

The Kwacha was firm against some trading currencies and weak against some. The Kwacha appreciated by 2.4 % against the British Pound Sterling but depreciated by 2.52% against the US Dollar during the review period of January to March 2010. Against the South African Rand, the Kwacha depreciated in value by 3.15 % to close at MK21.2213/ZAR. Looking to the medium term the Kwacha is expected to exhibit some steadiness on the back of the proceeds from tobacco inflows and aid inflows.

- 3.2 The year on year headline inflation slightly increased by 0.4 points to 8.2% in February 2010 from 7.8 % in January 2010. The increase was largely due to an increase in food items by 0.1 percentage points to 6.8% due to recent upward price adjustments in petroleum products. The urban and rural inflation rates for the month of February, 2010 were 9.7% and 7.4% respectively.

| KEY MACROECONOMIC INDICATORS |           |           |           |           |           |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
|                              | Mar. 2009 | Dec. 2009 | Jan. 2010 | Feb. 2010 | Mar. 2010 |
| Inflation Rate               | 9.5       | 7.6       | 7.8       | 8.2       | 8.2 (Feb) |
| 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               | 10.46     | 7.15      | 7.47      | 7.28      | 7.27      |
| 182 Days T-Bill              | 12.07     | 10.79     | 10.93     | 10.98     | 11.08     |
| 271 Days T-Bill              | 12.77     | 10.26     | 10.00     | 10.55     | 10.21     |