



MALAWI STOCK EXCHANGE

# THIRD QUARTER MARKET REPORT

JULY – SEPTEMBER 2010

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# MALAWI STOCK EXCHANGE LIMITED

## MARKET PERFORMANCE REPORT FOR 1<sup>st</sup> JULY TO 30<sup>th</sup> SEPTEMBER 2010

### 1.0 INTRODUCTION

The Malawi Stock Exchange registered a marginal positive return on index during the third quarter, 2010. Trading activity was high during the quarter as both share volumes and value increased by 125.05 % and 7.94 %, respectively, compared to the third quarter of 2009.

YEAR -TO-DATE INDEX LEVEL AND RETURN				
	INDEX LEVEL	INDEX RETURN		
		LOCAL CURRENCY	US DOLLAR	
MASI	4927.21	1.51 %	1.51 %	
DSI	3904.68	1.50 %	1.50 %	
CAPITAL GAINERS IN THIRD QUARTER 2010				
COUNTER	NITL	NICO	TNM	MPICO
CAPITAL GAIN %	18.18	12.18	8.57	8.33
CAPITAL LOSERS IN THIRD QUARTER 2010				
COUNTER	REAL			
CAPITAL LOSS %	- 56.52			
TOP TRADED COUNTERS BY VOLUME IN THIRD QUARTER 2010				
COUNTER	TNM	MPICO	NICO	NITL
% TRADED	36.49	30.08	12.22	10.21
TOP TRADED COUNTERS BY VALUE IN THIRD QUARTER 2010				
COUNTER	NITL	NICO	PCL	MPICO
% TRADED	16.84	15.62	13.10	11.60

### 2.0 MARKET PERFORMANCE

#### 2.1 Trade Performance Statistics

The market transacted a total of 63,985,888 shares at a total consideration of MK418,768,490.91 (US\$2,712,308.76) in 434 deals between 1<sup>st</sup> July to 30<sup>th</sup> September, 2010. In the corresponding third quarter of 2009, the market transacted a total of 28,431,355 shares at a total consideration of MK387,947,019.85 (US\$2,759,127.02) in 472 trade up by 125.05 % in volume of shares traded and by 7.94 % in value of shares traded from the third quarter 2009.

Daily average share trades exhibited similar trends as the market registered the daily volume of 1,032,030 shares compared to 458,570 shares traded in the corresponding third quarter of 2009. The average daily turnover for the third quarter 2010 was MK6,754,330.50 (US\$44,789.80) compared with MK6,257,210.0 (US\$44,502.05) for the corresponding third quarter 2009, reflecting an increase by 7.94 % (0.65% in US\$ terms).

The highest sales in terms of both share volume and value traded were transacted in July at a total of 26,732,941 shares at a total turnover of MK200,871,643.18 (US\$1,332,033.97).

**TABLE 1: TRADING SUMMARY FOR 1<sup>st</sup> JULY – 30<sup>th</sup> SEPTEMBER 2010**

<b>DATE</b>	<b>VOLUME</b>	<b>VALUE (MWK)</b>	<b>VALUE (US\$)</b>
July-10	26,732,941	200,871,643.18	1,332,033.97
August-10	12,605,998	85,383,846.54	566,203.40
Sept.-10	24,646,049	132,513,001.19	878,729.99
<b>3<sup>rd</sup> Qtr 2009</b>	<b>63,984,988</b>	<b>418,768,490.91</b>	<b>2,776,967.36</b>
<b>3<sup>rd</sup> Qtr 2010</b>	<b>28,431,355</b>	<b>387,947,019.85</b>	<b>2,759,127.02</b>
<b>% CHANGE</b>	<b>125.05</b>	<b>7.94</b>	<b>0.65</b>
<b>2<sup>nd</sup> Qtr 2010</b>	<b>69,398,224</b>	<b>587,298,877.15</b>	<b>3,894,538.27</b>

## **2.2 Market Capitalisation and Index**

Total market capitalization for all listed stocks increased by 1.51 percent from MK203.03 billion (US\$1.35 billion) as at the beginning of the third quarter, 2010 to MK206.099 billion (US\$1.37 billion) as at 30<sup>th</sup> September 2010. The increase in the market capitalization is due to an increase in share prices of both, Domestic and Foreign counters such as NITL, NICO, TNM, MPICO and OML plc.

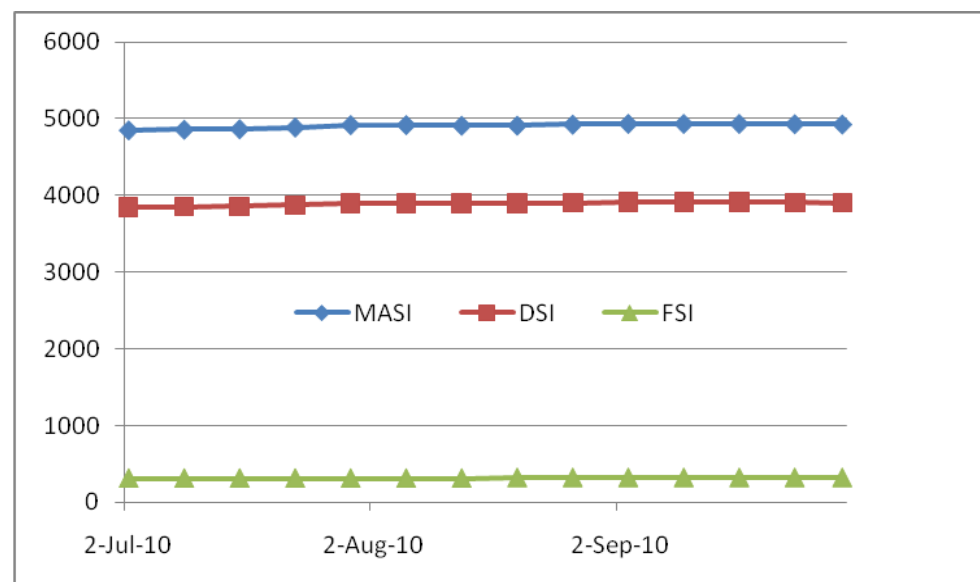
The Malawi All Share Index (MASI), increased by 151 basis points from 4853.86 points registered in the first week of July to 4927.21 points registered as at 30<sup>th</sup> September 2010. The price gains registered in NITL, NICO, TNM, MPICO and OML were the major drivers in the increase in the Malawi All Share Index arising from the increase in both the Domestic Share Index from 3846.80 to 3904.68 points and the Foreign Share Index from 314.21 to 321.75 points.

**Table 2: Market Capitalization and Index – 3<sup>rd</sup> Quarter 2010**

Month Ending	Mkt. Cap. MKm.	Mkt. Cap US\$m	Mkt. Cap. MKm*	Mkt. Cap US\$m*	MASI
July-10	1,159,553.63	7,689.3171	203,030.32	1,346.3496	4853.86
August-10	1,185,509.33	7,861.4312	206,029.46	1,366.2368	4925.56
Sept.-10	1,185,578.52	7,861.8796	206,098.65	1,366.6938	4927.21
<b>3<sup>rd</sup> Qtr. 2010</b>	1,185,578.52	7,861.4312	206,098.65	1,366.236	4927.21
<b>3<sup>rd</sup> Qtr. 2009</b>	896,259.57	6,374.245	207,562.79	1,453.9191	4952.21
<b>2<sup>nd</sup> Qtr. 2010</b>	1,159,454.97	7,688.6577	202,931.66	1,343.6944	4951.50
<b>1<sup>st</sup> Qtr. 2010</b>	1,165,031.38	208,508.07	7,973.7964	1,466.8351	4984.81

\* Excludes non-Malawi register Old Mutual plc shares

**FIG 1 : MALAWI ALL SHARE AND DOMESTIC SHARE INDEX – 3<sup>rd</sup> QTR. 2010**



## 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 1.05%, higher than the liquidity ratio of 0.75% registered in third quarter 2009. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 0.33 % in the review period while the corresponding period of third quarter 2009 the market registered a liquidity of 0.24 %.

**Table 3: Market Liquidity – 3<sup>rd</sup> Quarter 2010**

<b>MARKET LIQUIDITY: FIRST QUARTER 2010</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</b>
<b>Ended</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>In Issue* %</b>
July-10	178.97	31.337	0.03100	0.0989	0.153431
August-10	182.98	31.800	0.01318	0.0414	0.072351
Sept.-10	182.99	31.810	0.02045	0.0643	0.141454
<b>3<sup>rd</sup> Qtr. 10</b>	<b>182.99</b>	<b>31.810</b>	<b>0.3331</b>	<b>1.0472</b>	<b>1.5415</b>
<b>3<sup>rd</sup> Qtr. 09</b>	<b>138.33</b>	<b>32.036</b>	<b>0.2400</b>	<b>0.7480</b>	<b>0.6530</b>
<b>2<sup>nd</sup> Qtr. 10</b>	<b>178.96</b>	<b>31.321</b>	<b>0.3704</b>	<b>1.1826</b>	<b>1.5778</b>
<b>1<sup>st</sup> Qtr. 10</b>	<b>179.82</b>	<b>32.182</b>	<b>0.3782</b>	<b>1.1753</b>	<b>1.5629</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, Packaging Industries Malawi Limited and SUNBIRD during the review period. National Investment Trust Limited registered the biggest turnover of MK70,537,307.80 representing 16.84% while in terms of share volume, TNM registered the biggest trading volume of 23,345,598 shares, representing 36.49 %.

Six counters registered price gains during the review period and these were NITL (18.18%), NICO(12.18%), TNM(8.57%), MPICO(8.33%), OML(2.40) and PCL(1.95%). Price loss was registered in only one counter, Real Insurance during the review period down by 56.52% from K2.30 to K1.00 per share. Blantyre Hotels Limited, FMB, Illovo Sugar, National Bank of Malawi, NBS Bank, Packaging Industries Malawi Limited, Standard Bank and SUNBIRD Limited did not register price movements during the review period.

**Table 4. Company Trading Statistics**

<b>COMPANY TRADING STATISTICS : THIRD QUARTER 2010</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>	<b>P/E</b>
BHL	640	640	0	0.00	0	0.00	11.16
FMB	700	700	0	0.00	707,962	1.11	12.44
ILLOVO	11000	11000	0	0.00	207,583	0.32	11.03
MPICO	240	260	20	8.33	19,249,417	30.08	2.75
NBM	5865	5865	0	0.00	447,919	0.70	8.67
NBS	1100	1100	0	0.00	4,075,730	6.37	6.70
NICO	780	875	95	12.18	7,821,736	12.22	3.96
NITL	1100	1300	200	18.18	6,534,228	10.21	-7.52
PCL	15400	15700	300	1.95	353,316	0.55	3.33
PIM	625	625	0	0.00	0	0.00	6.22
REAL	230	100	-130	-56.52	951,237	1.49	74.65
STANBIC	10000	10000	0	0.00	190,477	0.30	7.48
SUNBIRD	890	890	0	0.00	0	0.00	11.03
TNM	175	190	15	8.57	23,345,598	36.49	15.70
OML PLC	25000	25600	600	2.40	100,685	0.16	9.80
					<b>63,985,888</b>	<b>100.000</b>	<b>9.43</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 0.001% from a trading position of MK150.8006/US\$ to MK150.8009/US\$. Against the South African Rand, the Kwacha depreciated by 3.67% while against the British Pound Sterling and the Euro, the Kwacha depreciated by 10.64% and 8.55% respectively. The level of foreign exchanges reserves was slightly lower at 2.4 months of Import Cover as at 24<sup>th</sup> September 2010 compared to 3.1 months of Import Cover registered in September 2009. The decrease in reserves partly attributed to the sliding of the kwacha during the review period.

The Malawi Kwacha moved during the three months period from 1<sup>st</sup> July to 30<sup>th</sup> September 2010, value as follows: -

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

<b>CURRENCY</b>	<b>JULY' 2010</b>	<b>SEPT. 2010</b>	<b>% CHANGE</b>
MK/US Dollar	150.8006	150.8009	0.00
MK/GBP	231.0310	239.8326	-3.67
MK/ZAR	20.0918	22.4837	-10.64
MK/EUR	190.3367	208.1402	-8.55

### 3.2 INFLATION

The year on year national inflation rate for the month of August, 2010 dropped by 0.1% points to 7.2% from the 7.3% registered in month of July, 2010. The drop was due to a decline in the Food Index to 4.4% 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 August, 2010 were 8.8% and 6.2%, respectively.

### 3.3 INTEREST RATES

The 91 days TB yield decreased from 7.35% to 7.14% while the 182 days TB yield decreased from 11.45% to 9.75% during the period 1<sup>st</sup> July to 30<sup>th</sup> September, 2010. The yield on the 273 days TB yield decreased from 12.00% to 10.47% during the third quarter 2010. The rates went further down to 7.08%, 9.40% and 10.00% for all the three tenors on 1<sup>st</sup> October, 2010. Statistics from the market show that there is high liquidity as evidenced by an oversubscription of MK4,513.3 million against an announced amount of MK805.0 million on 1<sup>st</sup> October, 2010 and this has exerted pressure in lowering the rates coupled with the reduction of the RBM rate in August from 15.0% to 13.0%

KEY MACROECONOMIC INDICATORS					
	Sept. 2009	Dec. 2009	July. 2010	Aug. 2010	Sept. 2010
Inflation Rate	7.5	7.6	7.3	7.2	7.2 (Aug.)
RBM Bank Rate	15.0	15.0	15.0	13.0	13.0
Prime Rate	19.58	19.58	19.58	19.00	19.00
<b>TB YIELD</b>					
91 Days T-Bill	10.47	7.15	7.35	7.46	7.14
182 Days T-Bill	13.39	10.79	11.49	11.00	9.75
271 Days T-Bill	13.46	10.26	12.00	12.21	10.47