



**MALAWI STOCK EXCHANGE**

# **SECOND QUARTER MARKET REPORT**

**APRIL – JUNE 2014**

**MALAWI STOCK EXCHANGE**

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# MALAWI STOCK EXCHANGE LIMITED

## MARKET PERFORMANCE REPORT FOR 1<sup>st</sup> APRIL TO 30<sup>th</sup> JUNE 2014

### 1.0 TRADING SUMMARY

The market was buoyant in second quarter 2014 giving a quarterly return on index of **4.96%** (2.01% in Q1 2014) to close at 13417.47 points though lower than a quarterly return of **8.98%** registered in 2013. It also recorded an increase in both traded volume and value in the second quarter 2014 compared to the second quarter 2013.

In US dollar terms, the index gained 8.71% as a result of the appreciation of the kwacha in the period under review.

#### Index Levels and Return – 2<sup>nd</sup> Qtr. 2014

| INDEX       | APRIL, 2014 | JUNE, 2014 | % Δ 2nd QTR.14 | % Δ 2nd QTR.13 | % YTD Δ 2014  |
|-------------|-------------|------------|----------------|----------------|---------------|
| <b>MASI</b> | 12782.98    | 13417.47   | <b>4.96 ▲</b>  | <b>8.98 ▲</b>  | <b>7.07 ▲</b> |
| <b>DSI</b>  | 10050.98    | 10553.56   | <b>5.00 ▲</b>  | <b>9.09 ▲</b>  | <b>7.14 ▲</b> |
| <b>FSI</b>  | 1709.34     | 1740.76    | <b>1.84 ▲</b>  | <b>3.45 ▲</b>  | <b>1.84 ▲</b> |

#### Trading Statistics – 2<sup>nd</sup> Qtr. 2014

|                      | 2 <sup>nd</sup> Qtr. 2014 |  | 2 <sup>nd</sup> Qtr. 2013 | % Δ             |
|----------------------|---------------------------|--|---------------------------|-----------------|
| Traded Value (MK)    | 6,251,723,966.95          |  | 2,104,703,874.86          | <b>197.04 ▲</b> |
| Traded Value (US\$)  | 15,724,609.58             |  | 5,535,290.03              | <b>184.08 ▲</b> |
| Traded Vol. Shares   | 1,547,492,034             |  | 1,030,320,035             | <b>50.20 ▲</b>  |
| No. of Transactions  | 398                       |  | 290                       | <b>37.24 ▲</b>  |
| Index Close (MASI)   | 13417.47                  |  | 6914.45                   | <b>94.05 ▲</b>  |
| Index Close (DSI)    | 10553.56                  |  | 5418.32                   | <b>94.78 ▲</b>  |
| Listed companies     | 14                        |  | 14                        |                 |
| Traded Companies     | 13                        |  | 13                        |                 |
| Not Traded Companies | 01                        |  | 01                        |                 |
| <b>Gainners</b>      | <b>11</b>                 |  | <b>08</b>                 |                 |
| <b>Decliners</b>     | <b>01</b>                 |  | <b>02</b>                 |                 |
| Unchanged            | <b>01</b>                 |  | <b>03</b>                 |                 |

## 2.0 MARKET PERFORMANCE

### 2.1 Trade Performance Analysis

From 1<sup>st</sup> April to 30<sup>th</sup> June, 2014 a total of 1,547,492,034 shares were transacted at a total consideration of MK6,251,723,966.95 (US\$15,724,609.58) in 398 trades. In the corresponding period 2013, the market transacted a total of 1,030,320,035 shares at a total consideration of MK2,104,703,874.86 (US\$5,535,290.03) in 290 trades. This reflects a 50.20% increase in terms of share volume and an 197.04% (184.08% in US Dollar terms) increase in share value.

Daily average share trades exhibited similar trends; the market registered an average daily volume of 24,959,549 shares compared to 16,618,065 shares traded in the corresponding second quarter of 2013.

The average daily turnover for the second quarter 2014 was MK100,834,257.53 (US\$253,622.74) compared with MK33,946,836.69 (US\$89,278.87) for the corresponding second quarter 2013, reflecting an increase of 197.04% (184.08% in US Dollar terms).

The month of May registered the highest in terms of both value MK4,906,161,765.51 (US\$12,366,167.04) and volume of 1,494,922,408.

**TABLE 1: TRADING SUMMARY FOR 1<sup>st</sup> APRIL – 30<sup>th</sup> JUNE 2014**

| DATE                            | VOLUME               | VALUE (MWK)             | VALUE (US\$)         |
|---------------------------------|----------------------|-------------------------|----------------------|
| April                           | 35,558,864           | 722,918,791.54          | 1,785,577.45         |
| May                             | 1,494,922,408        | 4,906,161,765.51        | 12,366,167.04        |
| June                            | 17,010,762           | 622,643,409.90          | 1,572,865.09         |
| <b>2<sup>nd</sup> Qtr. 2014</b> | <b>1,547,492,034</b> | <b>6,251,723,966.95</b> | <b>15,724,609.58</b> |
| <b>2<sup>nd</sup> Qtr. 2013</b> | <b>1,030,320,035</b> | <b>2,104,703,874.86</b> | <b>5,535,290.03</b>  |
| <b>% CHANGE</b>                 | <b>50.20 ▲</b>       | <b>197.04 ▲</b>         | <b>184.08 ▲</b>      |
| <b>1<sup>st</sup> Qtr. 2014</b> | <b>49,026,736</b>    | <b>920,496,961.68</b>   | <b>2,173,602.17</b>  |

### 2.2 Market Capitalisation and Index

The market registered a positive return on index as reflected in the upward movement of The Malawi All Share Index (MASI) from 12782.98 points registered in April to 13417.47 points registered on 30<sup>th</sup> June 2014, giving a return on index of 4.96%, (8.71% in US\$ terms) compared to 8.98%, (33.08% in US\$ terms) registered in quarter II of 2013. The price gains registered by 11 counters (ILLOVO, MPICO, NBM, NICO, NITL, PCL, REAL, STANDARDBANK, SUNBIRD, TNM and OML) were the major drivers in the upward movement of

the Malawi All Share Index, arising from an increase in both the Domestic Share Index (5.00%) and the Foreign Share Index (1.84%).

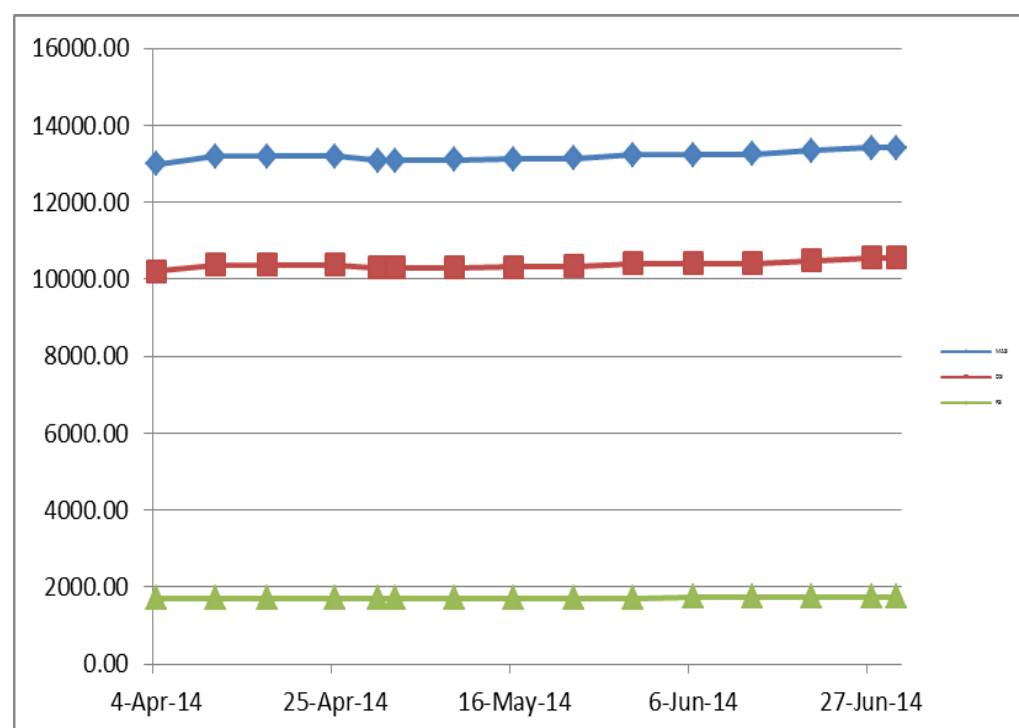
**Table 2: Market Capitalization and Index – 2<sup>nd</sup> Quarter 2014**

| Month Ending                    | Mkt. Cap. MKm.      | Mkt. Cap US\$m     | Mkt. Cap. MKm*      | Mkt. Cap US\$m*   | MASI            |
|---------------------------------|---------------------|--------------------|---------------------|-------------------|-----------------|
| April                           | 7,191,925.47        | 17,544.6622        | 537,781.76          | 1,311.9156        | 12782.98        |
| May                             | 7,222,765.66        | 18,205.2551        | 567,351.10          | 1,430.0300        | 13233.53        |
| June                            | 7,352,993.58        | 18,578.5903        | 575,236.84          | 1,453.4338        | 13417.47        |
| <b>2<sup>nd</sup> Qtr. 2014</b> | <b>7,352,993.58</b> | <b>18,578.5903</b> | <b>575,236.84</b>   | <b>1,453.4338</b> | <b>13417.47</b> |
| <b>2<sup>nd</sup> Qtr. 2013</b> | <b>4,690,537.67</b> | <b>13,879.0509</b> | <b>290,679.25**</b> | <b>860.1044**</b> | <b>6914.45</b>  |
| <b>1<sup>st</sup> Qtr. 2014</b> | <b>7,191,925.47</b> | <b>17,544.6622</b> | <b>537,781.76</b>   | <b>1,311.9156</b> | <b>12782.98</b> |

\* Excludes non-Malawi register Old Mutual plc shares

\*\*Restated (having taken into account the consolidated OML plc Malawi register shares)

**FIG 1: MSE INDICES – SECOND QUARTER 2014**



## 2.3 Market Liquidity

The turnover velocity measured by the ratio of Total Value of Trades to Market Capitalisation (**TVT/MCAP\***) in the quarter under review was recorded at 2.49%, lower than 3.48% registered in second quarter 2013. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 0.59% in the review period while during the corresponding period of 2013 liquidity was at 0.55%.

**Table 3: Market Liquidity – 2<sup>nd</sup> Quarter 2014**

| MONTH Ended                   | Mkt. Cap/GDP % | Mkt. Cap/GDP* % | TVT/GDP %      | TVT/Mkt. Cap* % | Shares Traded/Shares In Issue* % |
|-------------------------------|----------------|-----------------|----------------|-----------------|----------------------------------|
| April                         | 294.61         | 22.029          | 0.02961        | 0.1344          | 0.202145                         |
| May                           | 295.87         | 23.241          | 0.20097        | 0.8647          | 8.485477                         |
| June                          | 301.20         | 23.564          | 0.02551        | 0.1082          | 0.096556                         |
| <b>2<sup>nd</sup> Qtr. 14</b> | <b>301.20</b>  | <b>23.564</b>   | <b>0.58760</b> | <b>2.4937</b>   | <b>18.124316</b>                 |
| <b>2<sup>nd</sup> Qtr. 13</b> | <b>253.56</b>  | <b>15.713**</b> | <b>0.54677</b> | <b>3.4797**</b> | <b>35.605720**</b>               |
| <b>1<sup>st</sup> Qtr. 14</b> | <b>388.37</b>  | <b>29.041</b>   | <b>0.19883</b> | <b>0.6847</b>   | <b>1.114829</b>                  |

\* Excludes non-Malawi register Old Mutual plc shares

\*\*Restated (having taken into account the consolidated OML plc Malawi register shares)

## 2.4 Company Trading Performance

### Top Gainers

| MSE CODE | COUNTER NAME                  | % GAIN |
|----------|-------------------------------|--------|
| TNM      | TNM                           | 41.67  |
| NICO     | NICO Holdings Limited         | 30.64  |
| NITL     | National Investment Trust Ltd | 10.33  |
| NBM      | National Bank of Malawi       | 7.27   |
| SUNBIRD  | Sunbird Tourism Limited       | 6.34   |
| MPICO    | MPICO Limited                 | 5.00   |
| PCL      | Press Corporation Limited     | 4.59   |
| REAL     | Real Insurance                | 4.35   |
| OML      | Old Mutual plc                | 1.84   |
| ILLOVO   | Illovo Sugar Malawi           | 0.68   |
| STANDARD | Standard bank Malawi          | 0.003  |

11 counters registered a capital gain during the review period.

### Top Decliners

| MSE CODE | COUNTER NAME | % LOSS |
|----------|--------------|--------|
| NBS      | NBS Bank     | -3.13  |

1 Counters registered a capital loss in quarter II of 2014.

## Top 5 Traded Stocks by Volume

| MSE CODE | COUNTER NAME          | SHARES        | % OF TOTAL |
|----------|-----------------------|---------------|------------|
| TNM      | TNM                   | 1,529,989,277 | 98.87      |
| NBS      | NBS Bank              | 4,351,191     | 0.28       |
| NICO     | NICO Holdings Limited | 4,288,618     | 0.28       |
| ILLOVO   | Illovo Sugar Malawi   | 3,204,850     | 0.21       |
| MPICO    | MPICO Limited         | 2,526,451     | 0.16       |

## Top 5 Traded Stocks by Value

| MSE CODE | COUNTER NAME            | MK               | % OF TOTAL |
|----------|-------------------------|------------------|------------|
| TNM      | TNM                     | 4,899,651,438.23 | 78.37      |
| ILLOVO   | Illovo Sugar Malawi     | 938,983,181.00   | 15.02      |
| STANDARD | Standard bank Malawi    | 100,626,479.72   | 1.61       |
| NICO     | NICO Holdings Limited   | 84,065,427.46    | 1.34       |
| NBM      | National Bank of Malawi | 79,421,275.14    | 1.27       |

## Company Trading Statistics

| Company  | Opening Price | Closing Price | % Price Change | Share Vol. Traded    | % Traded      | Value Traded MK         |
|----------|---------------|---------------|----------------|----------------------|---------------|-------------------------|
| BHL      | 800           | 800           | 0.000          | 0                    | 0.00          | 0.00                    |
| FMB      | 1500          | 1500          | 0.000          | 946,842              | 0.06          | 14,763,626.35           |
| ILLOVO   | 29200         | 29400         | 0.685          | 3,204,850            | 0.21          | 938,983,181.00          |
| MPICO    | 200           | 210           | 5.000          | 2,526,451            | 0.16          | 5,087,182.50            |
| NBM      | 22000         | 23600         | 7.273          | 348,742              | 0.02          | 79,421,275.14           |
| NBS      | 1600          | 1550          | -3.125         | 4,351,191            | 0.281         | 68,135,322.50           |
| NICO     | 1841          | 2405          | 30.636         | 4,288,618            | 0.277         | 84,065,427.46           |
| NITL     | 3000          | 3310          | 10.333         | 544,543              | 0.04          | 17,326,239.50           |
| PCL      | 30500         | 31900         | 4.590          | 49,241               | 0.00          | 15,421,340.30           |
| REAL     | 115           | 120           | 4.348          | 189,990              | 0.01          | 226,865.50              |
| STD.BANK | 39500         | 39501         | 0.003          | 254,748              | 0.02          | 100,626,479.72          |
| SUNBIRD  | 710           | 755           | 6.338          | 781,325              | 0.05          | 5,896,253.75            |
| TNM      | 240           | 340           | 41.667         | 1,529,989,277        | 98.87         | 4,899,651,438.23        |
| OML PLC  | 136000        | 138500        | 1.838          | 16,216               | 0.00          | 22,119,335.00           |
|          |               |               |                | <b>1,547,492,034</b> | <b>100.00</b> | <b>6,251,723,966.95</b> |

### 3.0 ECONOMIC POSITION

- 3.1 The Malawi Kwacha continued appreciating against all major trading currencies in Q2 2014 as a result of decline in demand for trading currencies and an inflow of tobacco proceeds from the tobacco auction

**TABLE 2: EXCHANGE RATES: SECOND QUARTER 2014**

| CURRENCY     | APR' 2014 | JUN' 2014 | % CHANGE |
|--------------|-----------|-----------|----------|
| MK/US Dollar | 409.9210  | 395.7778  | 3.57     |
| MK/GBP       | 681.0273  | 670.8385  | 1.52     |
| MK/ZAR       | 39.6105   | 37.0955   | 6.78     |
| MK/EUR       | 565.6577  | 532.9056  | 6.15     |

Source: National Bank of Malawi

- 3.2 The year on year headline inflation decreased by 1.3 points to 22.6% in May 2014 from 23.9% in April 2014 as a result of a decrease in both food and non-food inflation from 19.5% to 19.4% and 28.5% to 26.4% respectively. The urban and rural inflation rates for the month of May, 2014 were 30.2% and 18.9% respectively.

| KEY MACROECONOMIC INDICATORS |           |           |           |          |            |
|------------------------------|-----------|-----------|-----------|----------|------------|
|                              | Jun. 2013 | Dec. 2013 | Apr. 2014 | May 2014 | June. 2014 |
| Inflation Rate               | 27.9      | 23.5      | 23.9      | 22.6     | 22.6 (May) |
| RBM Bank Rate                | 25.0      | 25.0      | 25.0      | 25.0     | 25.0       |
| Prime Rate                   | 40.0      | 35.0      | 40.0      | 40.0     | 40.0       |
| <b>TB YIELD</b>              |           |           |           |          |            |
| 91 Days T-Bill               | 32.90     | 36.47     | 18.35     | 20.57    | 21.72      |
| 182 Days T-Bill              | 32.92     | 35.92     | 25.28     | 26.70    | 26.76      |
| 364 Days T-Bill              | 35.96     | 37.93     | 24.99     | 26.88    | 26.00      |
| Import Cover (Months)        | 2.49      | 2.13      | 2.38      | 2.37     | 2.50       |

Source: Reserve Bank of Malawi and National Statistical Office