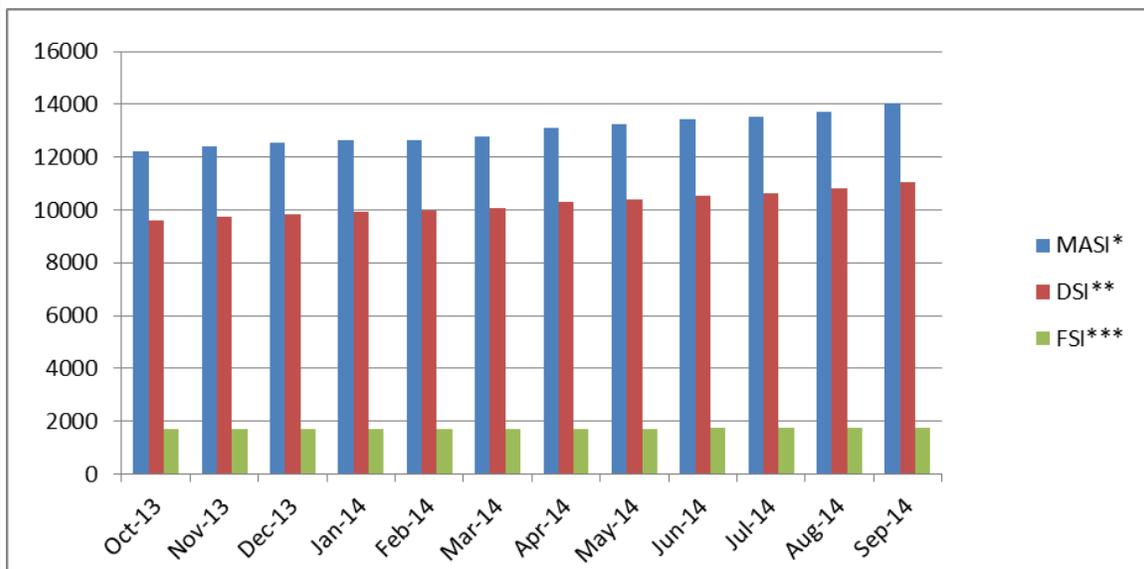




MALAWI STOCK EXCHANGE

THIRD QUARTER MARKET REPORT

JULY – SEPTEMBER 2014



MALAWI STOCK EXCHANGE

OLD RESERVE BANK BUILDING, VICTORIA AVENUE

PRIVATE BAG 270

BLANTYRE

TEL. : (265) 01 824 233

FAX : (265) 01 823 636

E-mail : mse@mse-mw.com

WEBSITE: www.mse.co.mw

MALAWI STOCK EXCHANGE LIMITED

MARKET PERFORMANCE REPORT FOR 1st JULY TO 30th SEPTEMBER 2014

1.0 TRADING SUMMARY

The market was marginally bullish in the third quarter of 2014 though having registered a lower quarterly return on index of 4.56% (0.89% in US\$ terms) compared to 53.18% (36.96% in US\$ terms) in the corresponding period 2013.

It however, recorded a decrease in total traded volume and value in the review period compared to the corresponding period 2013.

Index Levels and Return – 3rd Qtr. 2014

INDEX	JULY, 2014	SEP. 2014	% Δ3 rd QTR. 14	% Δ 3 rd QTR. 13	% Δ YTD. 14
MASI	13417.47	14029.74	4.56 ▲	53.18 ▲	11.96 ▲
DSI	10553.56	11040.46	4.61 ▲	53.90 ▲	12.08 ▲
FSI	1740.76	1742.21	0.08 ▲	14.61 ▲	1.92 ▲

Trading Statistics – 3rd Qtr. 2014

	3 rd Qtr. 2014		3 rd Qtr. 2013	% Δ
Traded Value (MK)	2,286,811,294.93		2,767,333,848.88	17.36 ▼
Traded Value (US\$)	5,775,940.61		8,178,207.82	29.37 ▼
Traded Vol. Shares	64,851,876		889,812,614	92.71 ▼
No. of Transactions	460		420	9.52 ▲
Index Close (MASI)	14029.74		10604.97	32.29 ▲
Index Close (DSI)	11040.46		8349.65	32.23 ▲
Index Close (FSI)	1742.21		1296.46	34.38 ▲
Listed companies	14		14	
Traded Companies	14		14	
Not Traded Companies	0		0	
Gainers	11		11	
Decliners	0		0	
Unchanged	3		3	

2.0 MARKET PERFORMANCE

2.1 Trade Performance Analysis

From 1st July to 30th September, 2014 a total of 64,851,876 shares were transacted at a total consideration of MK2,286,811,294.93 (US\$5,775,940.61) in 460 trades. In the corresponding period 2013, the market transacted a total of 889,812,614 shares at a total consideration of MK2,767,333,848.88 (US\$8,178,207.82) in 420 trades, reflecting a **-92.71%** decrease in terms of share volume and a **-17.36%** (**-29.37%** in US Dollar terms) decrease in value.

Daily average share trades also depicted similar trends as the market registered an average daily volume of 1,045,998 shares compared to 14,351,816 shares traded in the corresponding third quarter of 2013.

The average daily turnover for the third quarter 2014 was MK36,884,053.14 (US\$93,160.33) compared with MK44,634,416.92 (US\$131,906.58) for the corresponding third quarter 2013, reflecting a decrease by **-17.36%** (**-29.37%** in US Dollar terms).

The months of July and September registered the highest value of MK1,095,881,895.05 (US\$2,742,404.82) and the biggest volume of 28,790,143 respectively.

TRADING SUMMARY FOR 1st JULY – 30th SEPTEMBER 2014

DATE	VOLUME	VALUE (MWK)	VALUE (US\$)
July	22,543,583	1,095,881,895.05	2,742,404.82
August	13,518,150	334,294,068.98	890,477.72
September	28,790,143	856,635,330.90	2,143,058.07
3rd Qtr. 2014	64,851,876	2,286,811,294.93	5,775,940.61
3rd Qtr. 2013	889,812,614	2,767,333,848.88	8,178,207.82
% CHANGE	92.71 ▼	17.36 ▼	29.37 ▼
2nd Qtr. 2014	1,547,492,034	6,251,723,966.95	15,724,609.58
1st Qtr. 2014	49,026,736	920,496,961.68	2,173,602.17

2.2 Market Capitalisation and Index

The market registered a positive return on index as reflected in the increase in The Malawi All Share Index (MASI) from 13417.47 points registered in July to 14029.74 points registered on 30th September 2014, giving a return on index of 4.56% (0.89% in US\$ terms) compared to 53.18% (36.96% in US\$ terms) registered in quarter III of 2013. The price gains registered by 11 counters (MPICO, NBM, NBS, NICO, NITL, PCL, REAL, STANDARDBANK, SUNBIRD, TNM and OML) were the major drivers in the

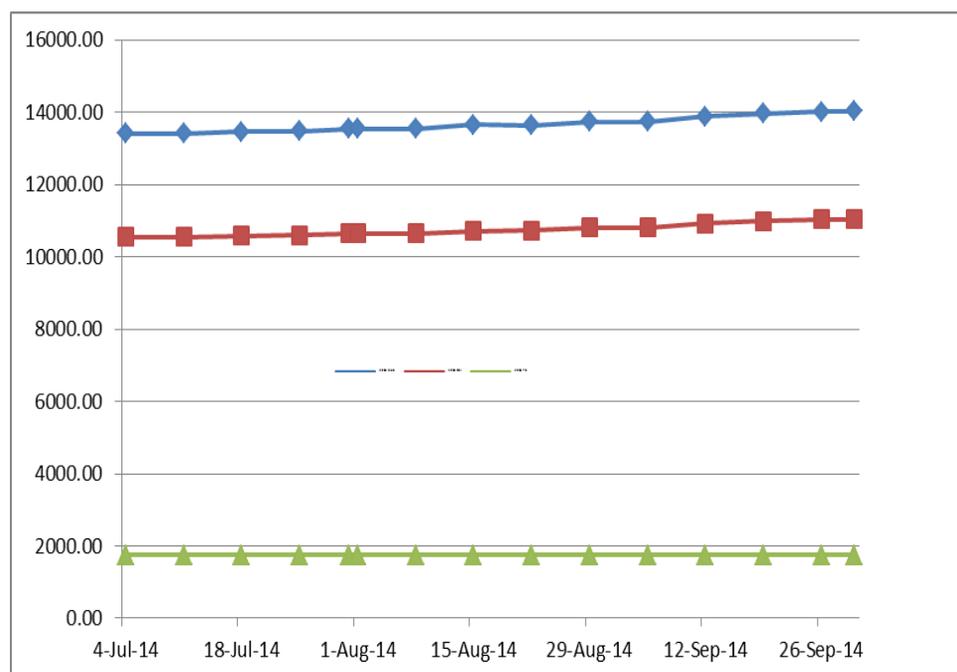
upward movement of the Malawi All Share Index, arising from an increase in both the Domestic Share Index (4.61%) and the Foreign Share Index (0.08%).

MARKET CAPITALISATION AND INDEX - 1st JULY – 30th SEPTEMBER 2014

Month Ending	Mkt. Cap. MKm.	Mkt. Cap US\$m	Mkt. Cap. MKm*	Mkt. Cap US\$m*	MASI
July	7,352,993.58	18,578.5903	575,236.84	1,453.4338	13417.47
August	7,372,333.19	18,582.2458	588,948.72	1,484.4676	13737.30
September	7,384,870.80	18,004.2216	601,486.33	1,466.4161	14029.74
3rd Qtr. 2014	7,384,870.80	18,004.2216	601,486.33	1,466.4161	14029.74
3rd Qtr. 2013	5,492,130.28	14,680.7658	447,692.54	1,196.7068	10604.97
2nd Qtr. 2014	7,352,993.58	18,578.5903	575,236.84	1,453.4338	13417.47
1st Qtr. 2014	7,191,925.47	17,544.6622	537,781.76	1,311.9156	12782.98

* Excludes non-Malawi register Old Mutual plc shares

FIG 1: MSE INDICES – THIRD QUARTER 2014



2.3 Market Liquidity

The market liquidity as measured by the ratio of Total Value of Trades to Market Capitalisation (**TVT/MCAP***) in the quarter under review was recorded at 2.10%, lower than 2.33% registered in third quarter 2013. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**)

recorded a liquidity level of 0.52% in the review period while during the corresponding period of 2013 liquidity was at 0.56%.

MARKET LIQUIDITY – 1st JULY – 30th SEPTEMBER 2014

MONTH Ended	Mkt. Cap/GDP %	Mkt. Cap/GDP* %	TVT/GDP %	TVT/Mkt. Cap* %	Shares Traded/Shares In Issue* %
July	301.20	23.564	0.04489	0.1905	0.127962
August	302.00	24.125	0.01369	0.0568	0.076732
September	302.51	24.639	0.03509	0.1424	0.163419
3rd Qtr. 14	302.51	24.639	0.51663	0.51663	12.573693
3rd Qtr. 13	296.58	24.176	0.56339	2.3304	30.479350
2nd Qtr. 14	301.20	23.564	0.58760	2.4937	18.124316
1st Qtr. 14	388.37	29.041	0.19883	0.6847	1.114829

* Excludes non-Malawi register Old Mutual plc shares

2.4 Company Trading Performance

Top 5 Gainers

MSE CODE	COUNTER NAME	% GAIN
REAL	REAL Insurance	91.67
MPICO	MPICO Limited	90.48
NBS	NBS Bank	32.26
TNM	TNM Limited	17.65
PCL	Press Corporation Limited	16.93

11 Counters registered capital gains in the review period

Top 5 Traded Stocks by Volume

MSE CODE	COUNTER NAME	SHARES	% OF TOTAL
MPICO	MPICO Limited	23,002,528	35.47
TNM	TNM Limited	20,431,563	31.50
ILLOVO	Illovo Sugar Malawi	3,236,684	4.99
FMB	FMB Bank	3,129,768	4.83
NICO	NICO Holdings Limited	2,387,625	3.68

Top 5 Traded Stocks by Value

MSE CODE	COUNTER NAME	MK	% OF TOTAL
ILLOVO	Illovo Sugar Malawi	951,585,096.00	41.61
NBM	National Bank of Malawi	411,475,224.00	17.99
PCL	Press Corporation Limited	378,420,680.00	16.55
NBS	NBS Bank	120,281,420.58	5.26
MPICO	MPICO Limited	91,726,906.70	4.01

Company Trading Statistics

Company	Opening Price	Closing Price	% Price Change	Share Vol. Traded	% Traded	Value Traded MK
BHL	800	800	0.00	8,800	0.01	70,400.00
FMB	1500	1500	0.00	3,129,768	4.83	46,579,704.50
ILLOVO	29400	29400	0.00	3,236,684	4.99	951,585,096.00
MPICO	210	400	90.48	23,002,528	35.47	91,726,906.70
NBM	23600	24000	1.69	1,734,176	2.67	411,475,224.00
NBS	1550	2050	32.26	6,494,431	10.01	120,281,420.58
NICO	2405	2800	16.42	2,387,625	3.68	63,594,637.50
NITL	3310	3600	8.76	1,239,000	1.91	53,154,917.60
PCL	31900	37300	16.93	1,036,237	1.60	378,420,680.00
REAL	120	230	91.67	1,706,584	2.63	3,419,644.88
STANDARD BANK	39501	39973	1.19	204,510	0.32	81,176,522.92
SUNBIRD	755	800	5.96	235,555	0.36	1,883,090.00
TNM	340	400	17.65	20,431,563	31.50	77,324,518.20
OML PLC	90000	103150	0.08	4,415	0.01	6,118,532.05
				64,851,876	100.00	2,286,811,294.93

3.0 ECONOMIC POSITION

- 3.1 The Malawi Kwacha appreciated against the Great British Pound(GBP) and Euro(EUR) but depreciated against the United States dollar(US\$) and the South African Rand(ZAR) during the three months period as follows: -

MIDDLE EXCHANGE RATES – 1st JULY – 30th SEPTEMBER 2014

CURRENCY	Sept. '13	July '14	Sept. '14	% CHANGE
MK/US Dollar	374.1038	395.7778	410.1744	-3.51
MK/GBP	603.5194	673.9119	667.2637	1.00
MK/ZAR	37.6382	36.8385	37.3591	-1.39
MK/EUR	504.4742	534.6059	522.9574	2.23

Source: National Bank of Malawi

- 3.2 The year on year headline inflation inched upwards by 1.2 points to 24.5% in August 2014 from 23.3% in July 2014 on account of an increase in both food and non-food inflation from 20.3% to 24.1% and 24.9% to 25.8% in July 2014 and August 2014 respectively.

The urban and rural inflation rates for the month of August 2014 were 31.3% and 20.7% respectively.

KEY MACROECONOMIC INDICATORS					
	Sept. 2013	Dec. 2013	July. 2014	August 2014	Sept. 2014
Inflation Rate	21.7	23.5	22.5	24.5	24.5(Aug)
Policy Rate	25.0	25.0	22.5	22.5	22.5
Prime Rate	35.0	35.0	33.5	33.5	33.5
TB YIELD					
91 Days T-Bill	14.92	36.47	16.81	18.39	18.82
182 Days T-Bill	20.17	35.92	17.85	20.18	20.36
364 Days T-Bill	22.48	37.93	17.89	20.50	20.50
Import Cover (Months)	2.38	2.13	2.53	2.58	2.43

Source: National Statistical Office and Reserve Bank of Malawi