



MALAWI STOCK EXCHANGE

SECOND QUARTER MARKET REPORT

APRIL – JUNE 2007

MALAWI STOCK EXCHANGE
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MALAWI STOCK EXCHANGE LIMITED

MARKET PERFORMANCE REPORT FOR 1st APRIL TO 30th JUNE 2007

1.0 INTRODUCTION

The market continued to exhibit improved performance in the second quarter of 2007 as investors sought to diversify from falling interest income instruments into equities.

YEAR –TO-DATE INDEX LEVEL AND RETURN				
	INDEX LEVEL	YEAR –TO-DATE INDEX RETURN		
		LOCAL CURRENCY	US DOLLAR	
MASI	3908.86	68.51 %	67.02 %	
DSI	3071.30	70.57 %	69.02 %	
TOP FOUR CAPITAL GAINERS IN SECOND QUARTER 2007				
COUNTER	NICO	PCL	ILLOVO	SUNBIRD
CAPITAL GAIN %	100.00	59.84	42.86	30.00
TOP FOUR TRADED COUNTERS BY VOLUME IN SECOND QUARTER 2007				
COUNTER	FMB	SUNBIRD	NICO	NITL
% TRADED	31.16	17.27	14.80	14.05
TOP FOUR TRADED COUNTERS BY VALUE IN SECOND QUARTER 2007				
COUNTER	PCL	FMB	ILLOVO	NITL
% TRADED	27.05	11.73	11.19	10.72

2.0 MARKET PERFORMANCE

2.1 Trade Performance Statistics

From 1st April to 30th June, a total of 61,351,112 shares were transacted at the market at a total consideration of MK798,628,266.20 (US\$5,687,934.90) in 582 trades. In the corresponding period 2006, the market transacted a total of 38,478,469 shares at a total consideration of MK548,010,518.40 (US\$3,947,085.19) in 161 trades. This reflects a 45.73 % (44.1% in US Dollar terms) increase in terms of share value and 59.44 % by share volume.

Daily average share trades exhibited similar trends as they were significantly higher than for the corresponding second quarter 2006 period. The average daily turnover for the second quarter 2007 was MK12,881,101.07 (US\$91,740.89) compared with MK8,838,879.33 (US\$63,662.66) for the corresponding second quarter 2006, reflecting an increase by 45.73 % (44.10% in US\$ terms).

The highest sales of shares in terms of both share volume and value were transacted in June; a total of 34,727,638 at a total consideration of MK408,747,824.10 (US\$2,908,860.99).

TABLE 1: TRADING SUMMARY FOR 1st APRIL – 30th JUNE 2007

DATE	VOLUME	VALUE (MWK)	VALUE (US\$)
April	10,297,251	169,031,227.50	1,206,560.85
May	16,326,223	220,849,214.60	1,572,513.06
June	34,727,638	408,747,824.10	2,908,860.99
2nd Qtr 2007	61,351,112	798,628,266.20	5,687,934.90
2nd Qtr 2006	38,478,469	548,010,518.40	3,947,085.19
% CHANGE	59.44	45.73	44.10
1st Qtr 2007	68,671,881	1,160,830,379.65	8,320,858.11

2.2 Market Capitalisation and Index

Total market capitalization for all listed stocks was at MK1,689.36 billion (US\$12.086 billion) as at the beginning of April 2007 and increased to MK1,731.77 billion (US\$12.31 billion) as at 30th June 2007. The increase in the market capitalization is due to increases in the share prices of most of the traded counters during the review period and also due to the listing of NBS Bank in the last week of the quarter under review.

The Malawi All Share Index (MASI), the index that measures the average price movement of all counters at the Exchange increased from 2783.13 points at the end of April to 3908.86 points registered at 30th June 2007, giving a return on index of 40.45 %, (39.58% in US\$ terms) with a year to date return of 68.51 % (67.02% in US\$ terms). Stock market investment continued to exhibit competitive returns compared to the money market and this has raised the profile of stock market investment both locally and regionally.

Table 2: Market Capitalization and Index – 2nd Quarter 2007

Month Ending	Mkt. Cap. MKm.	Mkt. Cap. US\$m	Mkt. Cap. MKm*	Mkt. Cap. US\$m*	MASI
April	1,689,359.80	12,086.10	84,623.26	733.71	2783.13
May	1,720,646.13	12,264.13	93,826.93	1,013.01	3640.73
June	1,731,770.66	12,313.14	99,316.01	1,030.58	3908.86
2nd Qtr. 2007	1,731,770.66	12,313.14	99,316.01	1,030.58	3908.86
2nd Qtr. 2006	1,655,621.71	11,912.08	67,793.02	487.77	1865.04
1st Qtr. 2007	1,687,144.69	12,079.39	99,316.01	711.07	2722.41

* Excludes non-Malawi register Old Mutual plc shares

2.3 Market Liquidity

The turnover velocity, an indicator of the liquidity of assets traded on the market as measured by the ratio of Total Value of Trades to Market Capitalisation (**TVT/MCAP***) was recorded at 2.22 % reflecting an increase from 0.81 % registered in corresponding second quarter 2006. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 1.1 % in the review period while the corresponding period of second quarter 2006, liquidity was at 0.23 %.

Table 3: Market Liquidity – 2nd Quarter 2007

MARKET LIQUIDITY: SECOND QUARTER 2007					
MONTH	Mkt. Cap/GDP	Mkt. Cap/GDP*	TVT/GDP	TVT/Mkt. Cap*	Shares Traded/Shares
Ended	%	%	%	%	In Issue* %
April	557.91	33.531	0.05582	0.1665	0.192643
May	568.25	43.863	0.07294	0.1663	0.305434
June	571.92	47.537	0.13499	0.2840	0.594796
2nd Qtr. 07	571.92	47.537	1.055	2.219	4.203
2nd Qtr. 06	696.71	28.528	0.231	0.808	0.733
1st Qtr. 2007	557.18	32.799	1.533	4.675	5.139

* 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. First Merchant Bank (FMB) registered the biggest trading volume of 19,118,710 shares representing 31.16 percent of the total volume of shares traded. In terms of value, Press Corporation Limited registered the highest trading value of MK216,040,250.00 representing 27.05 %.

The highest price gainer during the review period was NICO Holdings Limited up by 100 percent from K40.00 to K8.00 per share. Other price gainers were PCL (59.84%), ILLOVO (42.86%), SUNBIRD (30.0%), NITL (23.66%), STANBIC (22.67%), NBM (18.89%), FMB (6.52%) and PIM (2.27%). Blantyre Hotels Limited and OML plc did not register price movements during the review period.

Table 4. Company Trading Statistics

COMPANY TRADING STATISTICS: SECOND QUARTER 2007						
Company	Opening Price	Closing Price	Change in Price	% Price Change	Share Vol. Trade	% Traded
BHL	300	300	0	0.00	0	0.00
FMB	460	490	30	6.52	19,118,710	31.16
ILLOVO	5600	8000	2400	42.86	1,135,367	1.85
NBM	4500	5350	850	18.89	1,548,133	2.52
NBS	520	520	0	0.00	8,263,170	13.47
NICO	400	800	400	100.00	9,082,901	14.80
NITL	930	1150	220	23.66	8,617,316	14.05
PCL	12200	19500	7300	59.84	1,284,505	2.09
PIM	440	450	10	2.27	300,177	0.49
STANBIC	3750	4600	850	22.67	1,389,769	2.27
SUNBIRD	500	650	150	30.00	10,580,514	17.25
OML plc	41500	41500	0	0.00	30,550	0.05
					68,671,881	100.000

2.5 Market Development

The Malawi Stock Exchange listed the twelfth counter; NBS Bank Limited (NBS) on 25th June 2007. The Bank offered 141,333,000 shares to public at an offer price of K2.60 per share. The offer was oversubscribed by a factor of 9 with 11,304 applications. The share price increased from an opening of K2.60 to K5.20 per share on the first week of trading.

3 ECONOMIC POSITION

3.1 Key Macroeconomic Indicators during the review period from 1st April to 30th June 2007 were as follows: -

KEY MACROECONOMIC INDICATORS					
	June. 2006	Dec. 2006	April 2007	May 2007	June. 2007
Inflation Rate	15.3	16.5	8.4	7.9	7.9 (May)
RBM Bank Rate	25.0	25.0	20.0	20.0	20.0
Prime Rate	27.0	27.0	22.5	22.5	22.5
TB YIELD					
91 Days T-Bill	18.99	17.14	16.29	16.41	16.50
182 Days T-Bill	19.36	17.01	16.40	16.25	16.42
271 Days T-Bill	20.42	17.35	16.90	16.85	16.90
RBM BILL YIELD					
63 Days RBM Bill	18.50	15.79	15.73	15.50	15.60
91 Days RBM Bill	19.00	15.71	15.60	16.28	14.55
EXCHANGE RATES					
MK/US\$	138.9868	139.2601	140.5066	140.3002	140.6441
MK/GBP	257.5609	278.0126	285.3296	283.9948	287.2151
MK/ZAR	20.1066	20.2748	20.4911	20.2132	20.4204
MK/EUR	178.0355	184.0619	192.5084	189.5987	190.3982
MK/JPY	1.2242	1.1856	1.1894	1.1703	1.1528
MK/ZWD	0.0014	0.00057	0.00057	0.0057	0.0057