

FIRST QUARTER MARKET REPORT JANUARY – MARCH 2017



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MALAWI STOCK EXCHANGE

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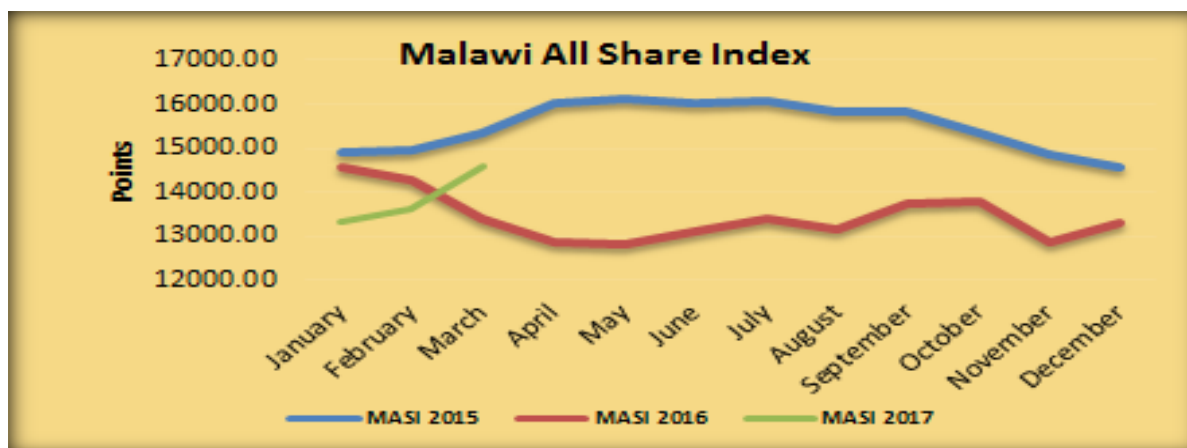
1. TRADING SUMMARY

The market was bullish in Q1 2017 as it registered a positive return on investment of 9.44%(9.40% in US\$ terms) and an increase in both total traded value and volume.

There were no trades on the government bond.

Index Levels and Return – 1st Qtr. 2017

| INDEX | JAN., 2017 | MAR., 2017 | % Δ 1st QTR. 2017 | % Δ 1st QTR. 2016 | % Δ YTD. 2017 |
|-------|------------|------------|-------------------|-------------------|---------------|
| MASI | 13320.51 | 14577.62 | 9.44 ▲ | 7.85 ▼ | 9.44 ▲ |
| DSI | 10456.92 | 11437.62 | 9.38 ▲ | 7.93 ▼ | 9.38 ▲ |
| FSI | 2026.07 | 2308.87 | 13.96 ▲ | 0.00 ■ | 13.96 ▲ |



Trading Statistics – 1st Qtr. 2017

| | 1st Qtr. 2017 | 1st Qtr. 2016 | % Δ |
|----------------------|----------------|----------------|----------|
| Traded Value (MK) | 727,638,207.36 | 295,881,824.83 | 145.92 ▲ |
| Traded Value (US\$) | 1,003,043.01 | 410,965.31 | 144.07 ▲ |
| Traded Vol. Shares | 37,416,181 | 9,693,004 | 286.01 ▲ |
| No. of Transactions | 270 | 218 | 23.85 ▲ |
| Index Close (MASI) | 14577.62 | 13419.95 | 8.63 ▲ |
| Listed companies | 13 | 14 | |
| Traded Companies | 13 | 14 | |
| Not Traded Companies | 00 | 00 | |
| Gainers | 07 | 02 | |
| Decliners | 03 | 07 | |
| Unchanged | 03 | 05 | |

2. MARKET PERFORMANCE



A. Trade Performance Analysis

The market transacted a total of 37,416,181 shares a total consideration of MK727,638,207.36 (US\$1,003,043.01) in 270 trades. In the corresponding period 2016, the market transacted a total of 9,693,004 shares at a total consideration of MK295,881,824.83 (US\$410,965.31) in 218 trades. This reflects a 286.01% increase in terms of share volume and a 145.92% (144.07% in US Dollar terms) increase in share value.

Daily average share trades exhibited similar trends where the market registered an average daily volume of 603,487 shares compared to 156,339 shares traded in the corresponding first quarter of 2016.

The average daily turnover for the first quarter 2017 was MK11,736,100.12 (US\$16,178.11) compared with MK4,772,287.50 (US\$6,628.47) for the corresponding first quarter 2016, reflecting an increase of 145.92% (144.07% in US Dollar terms).

The months of January and March registered the highest in terms of value MK299,523,065.19 (US\$412,890.94) and volume of 15,057,251 respectively.

B. Market Capitalization and Index

The market registered a positive return on index as reflected in the upward movement of the Malawi All Share Index (MASI) from 13320.51 points registered on 1 January 2017 to 14577.62 points registered on 31 March 2017, giving a return on index of 9.44%, (9.40% in US\$ terms) compared to -7.85%, (-9.72% in US\$ terms) registered in Q1 of 2016. The price gains registered BHL, ILLOVO, MPICO, NBM, STANDARD, TNM and OML were enough to offset share price losses registered by FMB, NICO and NITL resulting into an upward movement of the Malawi All Share Index, arising from an increase in both the Domestic Share Index by 9.38% from 10456.92 points to 11437.62 points and the Foreign Share Index by 13.96% from 2026.07 points to 2308.87 points.

Market capitalization increased in both Kwacha and United States Dollar terms from K577,621.92 million (US\$796.25 mln) in January 2017 to K632,134.64 million (US\$871.12 mln) in March 2017.

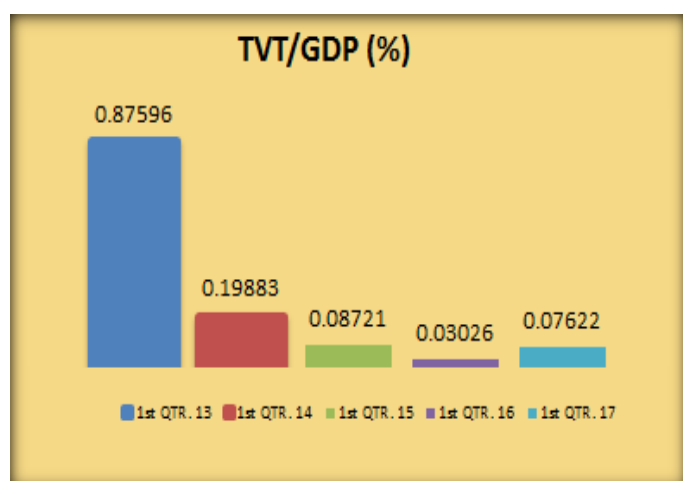
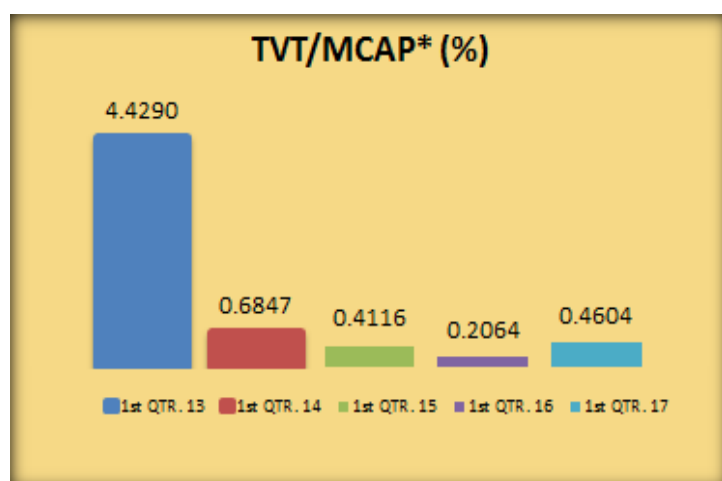
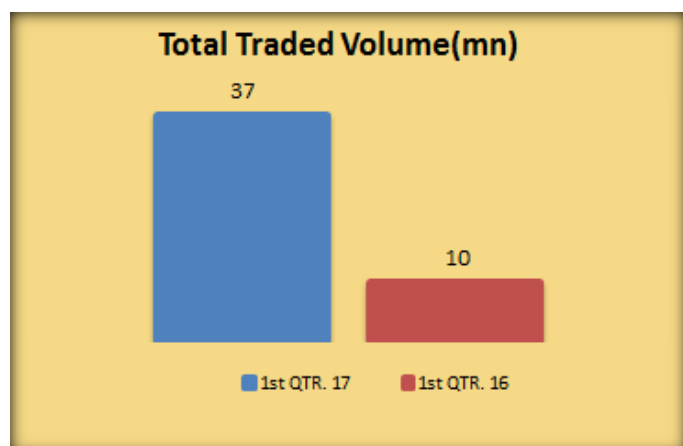
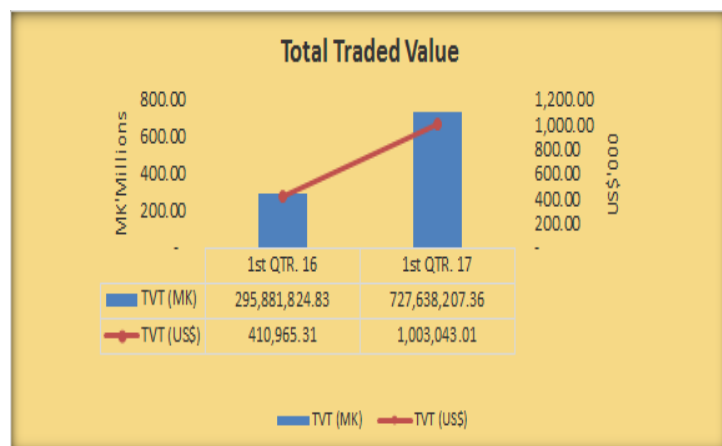
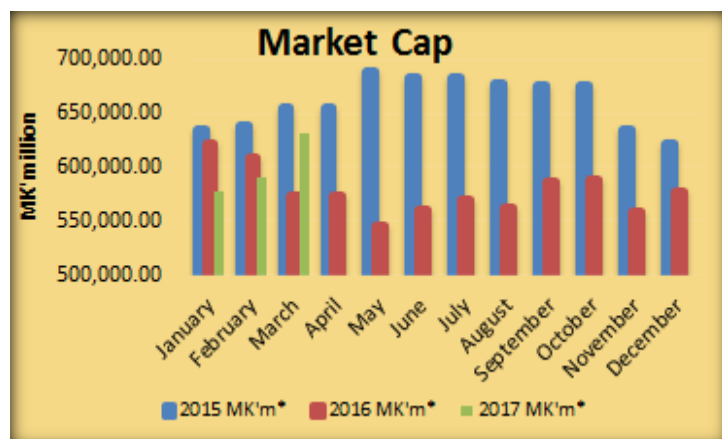
C. Market Liquidity

The turnover velocity measured by the ratio of Total Value of Trades to Market Capitalisation (**TVT/MCAP***), an indicator of the liquidity of assets traded on the market, in the quarter under review was recorded at 0.46%, higher than 0.21% registered in first quarter 2016. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 0.08% in the review period while during the corresponding period of 2016 liquidity was at 0.03%.

2. MARKET PERFORMANCE



MALAWI STOCK EXCHANGE



3. COMPANY TRADING PERFORMANCE

A. Top gainers: Seven
Counters registered
gains

| MSE CODE | COUNTER NAME | % GAIN |
|----------|-------------------------|---------|
| ILLOVO | Illovo Sugar Malawi | 34.38 ▲ |
| TNM | Telekom Networks Malawi | 15.70 ▲ |
| OML | Old Mutual plc | 13.96 ▲ |
| STANDARD | Standard Bank Malawi | 10.00 ▲ |
| MPICO | MPICO Limited | 9.83 ▲ |

B. Top Losers: Three
Counters registered
losses

| MSE CODE | COUNTER NAME | % LOSS |
|----------|------------------------------------|---------|
| NICO | NICO Holdings Limited | 41.18 ▼ |
| NITL | National Investments Trust Limited | 11.76 ▼ |
| FMB | FMB Bank | 5.88 ▼ |

C. Top Five Traded
Stocks by volume

| MSE | COUNTER NAME | SHARES | % of Total |
|-------|------------------------------------|------------|------------|
| TNM | Telekom Networks Malawi | 12,897,621 | 34.47 |
| NICO | NICO Holdings Limited | 12,434,840 | 33.23 |
| FMB | FMB Bank | 4,119,326 | 11.01 |
| NITL | National Investments Trust Limited | 3,269,587 | 8.74 |
| MPICO | MPICO Limited | 2,140,455 | 5.72 |

C. Top Five Traded
Stocks by value

| MSE | COUNTER NAME | VALUE | % of Total |
|--------|------------------------------------|----------------|------------|
| ILLOVO | Illovo Sugar Malawi | 193,091,087.92 | 26.54 |
| NICO | NICO Holdings Limited | 143,463,333.50 | 19.72 |
| NITL | National Investments Trust Limited | 87,659,658.00 | 12.05 |
| TNM | Telekom Networks Malawi | 83,686,423.28 | 11.50 |
| FMB | FMB Bank | 65,909,216.00 | 9.06 |

3. COMPANY TRADING PERFORMANCE

| COUNTER | HIGH (MK) | LOW (MK) | Earnings Yield (%) | P/E | P/BV | MKT CAP (MK'MIn) | MKT CAP (US\$'MIn) |
|----------|-----------|----------|--------------------|-------|------|------------------|--------------------|
| BHL | 20.25 | 20.10 | 16.83 | 5.94 | 0.55 | 2,616.15 | 3.61 |
| FMB | 17.00 | 16.00 | 20.49 | 4.88 | 1.18 | 37,380.00 | 51.51 |
| ILLOVO | 215.01 | 150.00 | 3.59 | 27.84 | 3.27 | 153,397.68 | 211.39 |
| MPICO | 8.60 | 7.83 | 3.93 | 25.45 | 1.14 | 19,763.21 | 27.24 |
| NBM | 250.00 | 237.12 | 14.82 | 6.75 | 1.65 | 112,063.62 | 154.43 |
| NBS | 6.00 | 6.00 | N/A | N/A | 0.64 | 4,365.86 | 6.02 |
| NICO | 17.00 | 10.00 | 52.86 | 1.89 | 0.32 | 10,430.41 | 14.37 |
| NITL | 34.00 | 25.00 | N/A | N/A | 0.62 | 4,050.00 | 5.58 |
| PCL | 540.00 | 540.00 | 18.85 | 5.30 | 0.71 | 64,938.14 | 89.49 |
| STANDARD | 550.10 | 500.00 | 15.05 | 6.64 | 2.06 | 129,067.49 | 177.86 |
| SUNBIRD | 58.50 | 58.50 | 8.73 | 11.45 | 1.16 | 15,302.58 | 21.09 |
| TNM | 7.00 | 6.05 | 11.68 | 8.56 | 3.37 | 70,283.15 | 96.85 |
| OML | 1,837.00 | 1,612.00 | 10.40 | 9.61 | 0.99 | 8,476.36 | 11.68 |

3. COMPANY TRADING PERFORMANCE

| Company | Opening Price | Closing Price | % Price Change | Share Vol. Traded | % Traded | Value Traded MK |
|----------|---------------|---------------|----------------|-------------------|---------------|-----------------------|
| BHL | 2010 | 2025 | 0.75 | 50,000 | 0.13 | 1,010,700.00 |
| FMB | 1700 | 1600 | -5.88 | 4,119,326 | 11.01 | 65,909,216.00 |
| ILLOVO | 16000 | 21501 | 34.38 | 1,179,722 | 3.15 | 193,091,087.92 |
| MPICO | 783 | 860 | 9.83 | 2,140,455 | 5.72 | 17,827,171.33 |
| NBM | 23712 | 24000 | 1.21 | 187,903 | 0.50 | 45,425,569.33 |
| NBS | 600 | 600 | 0.00 | 579,880 | 1.55 | 3,479,280.00 |
| NICO | 1700 | 1000 | -41.18 | 12,434,840 | 33.23 | 143,463,333.50 |
| NITL | 3400 | 3000 | -11.76 | 3,269,587 | 8.74 | 87,659,658.00 |
| PCL | 54000 | 54000 | 0.00 | 10,207 | 0.03 | 5,511,780.00 |
| STANDARD | 50000 | 55000 | 10.00 | 34,500 | 0.09 | 17,740,500.00 |
| SUNBIRD | 5850 | 5850 | 0.00 | 493,162 | 1.32 | 28,849,977.00 |
| TNM | 605 | 700 | 15.70 | 12,897,621 | 34.47 | 83,686,423.28 |
| OML PLC | 161200 | 183700 | 13.96 | 18,978 | 0.05 | 33,983,511.00 |
| | | | | 37,416,181 | 100.00 | 727,638,207.36 |

4. BOND TRADING PERFORMANCE

| BOND | MATURITY DATE | COUPON DATE | COUPON RATE (%) | NOMINAL VALUE (MK' M N) |
|----------------------------------|---------------|------------------|-----------------|-------------------------|
| MW3YNR | 30 June, 2017 | 30 June & 31 Dec | 15 | 106,870.00 |
| Total Outstanding Treasury bonds | | | | 106,870.00 |

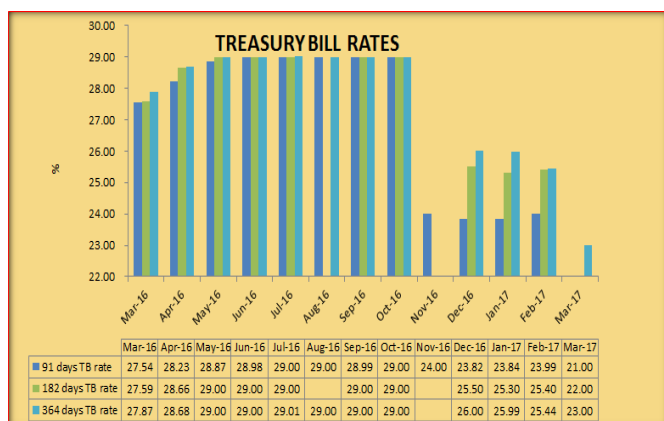
The next and last coupon payments for 2017 will be paid on 30th June, 2017.

There were no trades in the period under review.

5. ECONOMIC REVIEW

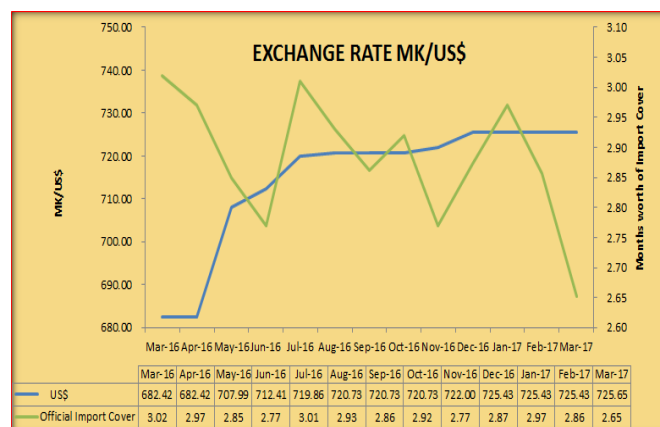
Interest Rates

During the quarter under review, the yields on treasury bills decreased in all tenors as follows; 91 Tbill from 23.84% to 21.00%, 182 Tbill from 25.30% to 22.00% and the 364 Tbill from 25.99% to 23.00%.



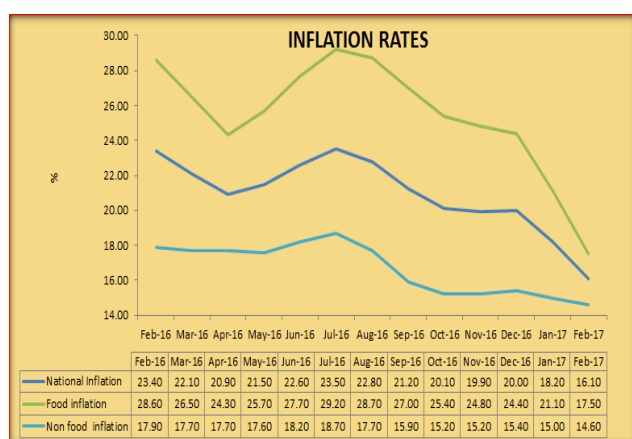
Exchange Rates

The Kwacha marginally depreciated against the United States Dollar by 0.03% in the period under review.



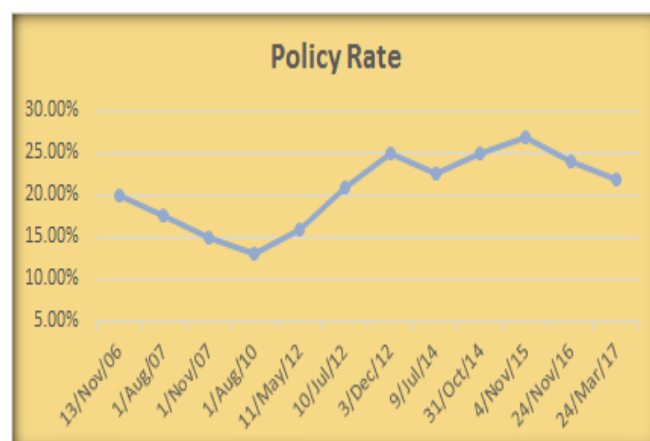
Inflation Rates

Headline inflation eased by 2.1 percentage points from 18.2% in January, 2017 to 16.1% in February, 2017.



Monetary Policy Rate

The Monetary Policy Committee at its meeting held on 23 and 24 March, 2017 reduced the policy rate from 24% to 22%.



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