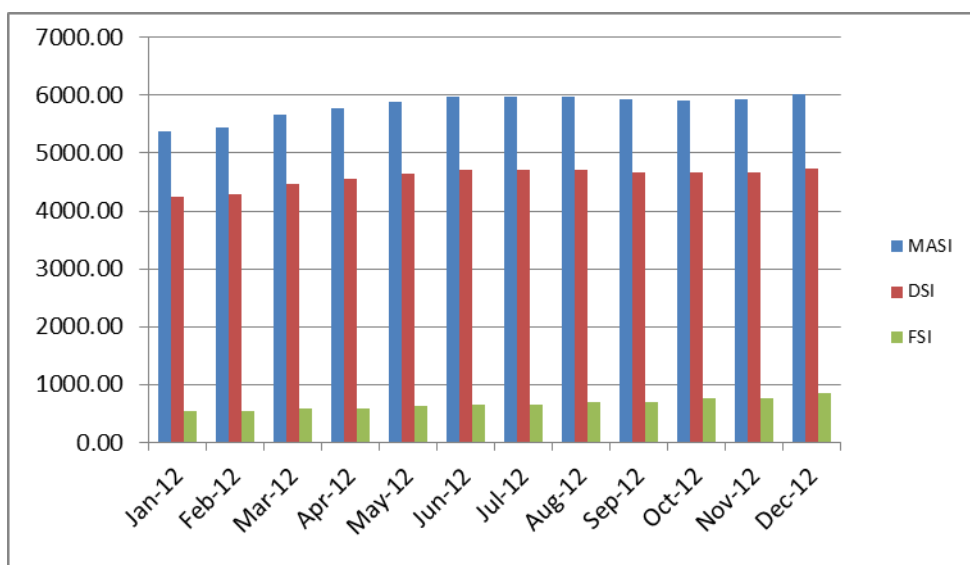




MALAWI STOCK EXCHANGE

ANNUAL MARKET PERFORMANCE REVIEW

2012



MALAWI STOCK EXCHANGE
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MALAWI STOCK EXCHANGE LIMITED

MARKET PERFORMANCE REPORT FOR 1st JANUARY TO 31st DECEMBER 2012

1.0 TRADING SUMMARY

The Malawi All Share Index (MASI) registered a positive return of 12.03% registered in 2012 compared to 8.41 % registered in 2011 despite a decrease in both traded volume and value. The return in US Dollar terms was however eroded as a result of the devaluation of the kwacha by 49% on 7th May 2012 and a subsequent depreciation by 53.77% since 7th May 2012. By 31st December 2012 the kwacha had depreciated by 102.77% since May, 2012.

Key data for the market is as follows:

YEAR-TO-DATE INDEX LEVEL AND RETURN					
INDEX	JAN, 2012	DEC. 2012	% Δ. 12 (MK)	% Δ. 12 (US\$)	% Δ. 11 (MK)
MASI*	5369.42	6015.51	12.03 ▲	- 44.34 ▼	8.41 ▲
DSI**	4238.39	4725.51	11.49 ▲	- 44.61 ▼	8.05 ▲
FSI***	535.42	854.67	59.63 ▲	-20.70 ▼	52.14 ▲
TOP MARKET GAINER IN 2012					
COUNTER	OML	NICO	STANDARD	FMB	
CAPITAL GAIN %	59.62	30.00	22.12	21.43	
TOP FOUR TRADED COUNTERS BY VOLUME IN 2012					
COUNTER	TNM	MPICO	FMB	NBS	
% TRADED	45.31	42.02	2.98	2.33	
TOP FOUR TRADED COUNTERS BY VALUE IN 2012					
COUNTER	NBM	MPICO	TNM	ILLOVO	
% TRADED	21.23	17.66	13.92	13.55	

* Malawi All Share Index ** Domestic Share Index *** Foreign Share Index

TRADING STATISTICS	YR 2012		YR 2011
Traded Value (MK)	3,973,446,152.07		7,062,658,723.29
Traded Value (US\$)	16,183,918.70		53,346,694.93
Traded Vol. Shares	667,221,045		1,590,006,071
No. of Transactions	1041		1425
No. of Listed companies	14		14
Traded Companies	14		14
Not Traded Companies	0		0
Gainers	9		9
Decliners	3		4
Unchanged	2		1
Index Close (MASI)	6015.51		5,027.27
Index Close (DSI)	4725.51		3,966.49
Index Close (FSI)	854.67		521.60

2.0 MARKET PERFORMANCE

2.1 Trade Performance Analysis

The market transacted a total of 667,221,045 shares at a total consideration of MK3,973,446,152.07 (US\$16,183,918.70) in 1,041 trades. In the corresponding period 2011, the market transacted a total of 1,590,006,071 shares at a total consideration of MK7,062,658,723.29 (US\$53,346,694.93) in 1,425 trades, reflecting a -58.04% decrease in terms of share volume and a -43.74% (-69.66% in US Dollar terms) decrease in value.

Daily average share trades exhibited similar trends as the market registered an average daily volume of 2,690,407 shares compared to 6,411,315 shares traded in 2011, reflecting a 58.4% decrease.

The average daily turnover for the year 2012 was MK16,021,960.29 (US\$65,257.74) compared to MK28,478,462.59 (US\$215,107.64) for the year 2011, reflecting a decrease by -43.74% (-69.66% in US Dollar terms).

The highest sales in terms of both volume and value was registered in June at a total of 274,445,980 shares and a total turnover of MK793,384,952.00 (US\$2,881,526.14).

TABLE 1: MARKET TRADING SUMMARY FOR 1st JAN. – 31st DECEMBER 2012

MONTH	DEALS	SHARES	VALUE MK	VALUE USD
Jan-12	156	7,216,236	210,161,869.30	1,266,614.97
Feb-12	82	1,023,473	19,019,089.30	113,376.39
Mar-12	146	58,146,783	531,582,238.90	3,208,535.92
Apr-12	83	9,682,564	203,970,433.90	1,228,318.11
May-12	120	25,605,520	159,794,767.35	667,625.13
Jun-12	87	274,445,980	793,384,952.00	2,881,526.14
Jul-12	78	9,725,988	396,977,476.40	1,429,585.97
Aug-12	56	5,484,084	303,829,286.80	1,090,432.64
Sep-12	42	241,716,704	501,498,548.40	1,698,622.50
Oct-12	42	14,207,129	131,961,923.05	422,064.83
Nov-12	84	10,008,919	198,017,031.80	607,557.52
Dec-12	65	9,957,665	523,248,534.87	1,569,658.57
TOTAL 2012	1,041	667,221,045	3,973,446,152.07	16,183,918.70
TOTAL 2011	1,425	1,590,006,071	7,062,658,723.29	53,346,694.93
% CHANGE	-26.95	-58.04	-43.74	-69.66

2.2 Market Capitalisation and Index

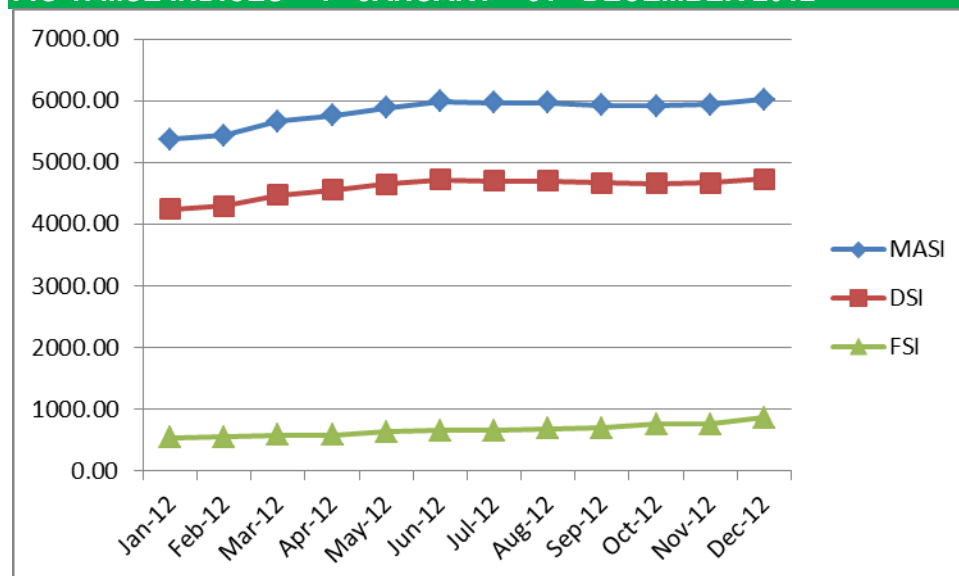
The market continued with its' positive return on index in the first and second quarter of 5.54% and 5.58% respectively with the third quarter registering a negative return on index of -0.63% and later to a appositive return of 1.68% in quarter IV of 2012. The year on year return on Index for year 2012 was 12.03% higher than 8.41% registered in 2011. The Malawi All Share Index (MASI) increased from 5369.42 points registered in January 2012 to 6015.51 points registered on 31st December, 2012. The price gainers registered by 9 counters (OML, NITL, NICO, ILLOVO, NBS, FMB, NBM, STANDARD Bank and PCL) were the major drivers in the increase in the Malawi All Share Index, arising to the increase in both the Domestic and Foreign Share Indices which have registered positive return on indices of 11.49 % and 59.63%, respectively.

MARKET CAPITALISATION AND INDEX - 1st JAN. – 31st DECEMBER 2012

Month Ending	Mkt. Cap. MKm.	Mkt. Cap. US\$m	Mkt. Cap. MKm*	Mkt. Cap. US\$m*	MASI
1st QTR	2,898,840.55	17,372.3702	239,239.51	1,433.7309	5667.12
2nd QTR	2,782,481.06	10,096.0851	252,588.78	916.5050	5983.34
3rd QTR	2,926,034.59	9,721.0451	250,186.99	831.1860	5926.44
4th QTR	3,562,267.61	10,570.5270	253,946.93	753.5517	6015.51
2012	3,562,267.61	10,570.5270	253,946.93	753.5517	6015.51
2011	2,681,021.48	16,372.5003	226,666.95	1,384.2130	5369.42
2010	1,278,529.23	8,478.2656	207,223.12	1,374.1504	4953.09
% Δ 11-12	32.87	-35.44	12.04	-45.56	12.03

* Excludes non-Malawi register Old Mutual plc shares

FIG 1: MSE INDICES – 1st JANUARY – 31st DECEMBER 2012



2.3 Market Liquidity

The turnover velocity as measured by the ratio of Total Value of Trades to Market Capitalisation (**TVT/MCAP***) was 1.57% in 2012 compared to 3.15% recorded in 2011. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 0.11% in the review period while in 2011 liquidity was at 0.26 %.

MARKET LIQUIDITY – 1st JANUARY – 31st DECEMBER 2012

MONTH Ended	Mkt. Cap/GDP %	Mkt. Cap/GDP* %	TVT/GDP %	TVT/Mkt. Cap* %	Shares Traded/Shares In Issue* %
1st QTR	269.01	22.201	0.02624	0.3180	0.377365
2nd QTR	250.67	22.756	0.04159	0.4581	1.760642
3rd QTR	229.82	19.650	0.04109	0.4806	1.460466
4th QTR	279.79	19.946	0.02395	0.3360	0.194256
2012	279.79	19.946	0.112	1.565	3.793
2011	366.454	30.982	0.263	3.151	9.126
2010	227.942	36.945	0.146	0.899	1.389

* Excludes non-Malawi register Old Mutual plc shares

2.4 Company Trading Performance

Top 5 Gainers

MSE CODE	COUNTER NAME	% GAIN
OML	Old Mutual Ltd.	59.62
NICO	NICO Holdings Ltd	30.00
STANDARD BANK	STANDARD BANK	22.12
FMB	FMB Bank	21.43
ILLOVO	Illovo Sugar Malawi Limited	17.96

9 counters registered a capital gain during the review period.

Top 3 Decliners

MSE CODE	COUNTER NAME	% LOSS
TNM	TNM	-26.32
MPICO	MPICO	-20.00
SUNBIRD	Sunbird Tourism Ltd	-7.14

3 Counters registered a capital loss in year 2012.

Top 5 Traded Stocks by Volume

MSE CODE	COUNTER NAME	SHARES	% OF TOTAL
TNM	TNM	302,308,874	45.31
MPICO	MPICO	280,388,419	42.02
FMB	FMB Bank	19,882,978	2.98
NBS	NBS Bank	15,577,963	2.33
NBM	National Bank of Malawi	15,486,483	2.32

Top 5 Traded Stocks by Value

MSE CODE	COUNTER NAME	MK	% OF TOTAL
NBM	National Bank of Malawi	843,754,677.40	21.23
MPICO	MPICO	701,585,214.65	17.66
TNM	TNM	553,000,528.30	13.92
ILLOVO	Illovo Sugar Malawi Limited	538,521,226.70	13.55
OML	Old Mutual plc	325,415,334.00	8.19

COMPANY TRADING SUMMARY FOR 1st JAN. – 31st DECEMBER 2012

Company	Opening Price	Closing Price	% Price Change	Share Vol. Traded	% Traded	Value Traded MK
BHL	700	700	0.00	1,004,000	0.15	7,028,000.00
FMB	700	850	21.43	19,882,978	2.98	134,023,408.02
ILLOVO	13000	15335	17.96	3,738,826	0.56	538,521,226.70
MPICO	300	240	-20.00	280,388,419	42.02	701,585,214.65
NBM	5250	5510	4.95	15,486,483	2.32	843,754,677.40
NBS	1000	1100	10.00	15,577,963	2.33	183,141,430.05
NICO	1100	1430	30.00	12,113,051	1.82	167,365,002.80
NITL	1600	1700	6.25	7,930,540	1.19	134,628,705.00
PCL	18000	18800	4.44	1,167,089	0.17	213,307,010.00
REAL	120	120	0.00	5,684,919	0.85	6,821,902.80
STANDARD BANK	10500	12823	22.12	1,383,384	0.21	164,553,987.35
SUNBIRD	700	650	-7.14	46,000	0.01	299,725.00
TNM	190	140	-26.32	302,308,874	45.31	553,000,528.30
OML	42600	68000	59.62	508,519	0.08	325,415,334.00
TOTAL				667,221,045	100.00	3,973,446,152.07

3.0 ECONOMIC POSITION

- 3.1 The Malawi Kwacha using the reciprocal method moved during the twelve months period from 1st January to 31st December, 2012 as follows: -

EXCHANGE RATES – 1st JANUARY – 31st DECEMBER 2012

CURRENCY	1 st Jan. 2012	Sept. 2012	31 st Dec. 2012	Annual % Change
MK/US Dollar	163.7515	301.0000	337.0000	-51.41
MK/GBP	252.4393	496.0630	560.5989	-54.97
MK/ZAR	20.0281	38.1841	42.0194	-52.34
MK/EUR	212.2383	402.9536	463.6794	-54.23
Import Cover (In Months)	1.7	0.9	1.17	

Source: National Bank of Malawi & Reserve Bank of Malawi

- 3.2 The year on year headline inflation increased by 20.0 points to 33.3% in November, 2012 from 10.3% in January, 2012 on account of a continued rise in both food and non food inflation. The urban and rural inflation rates for the month of November, 2012 were 38.5% and 30.2% respectively.

KEY MACROECONOMIC INDICATORS					
	Dec. 2010	Jan. 2011	Dec. 2011	Jan. 2012	Dec. 2012
Inflation Rate	6.3	6.6	9.8	10.3	33.3 (Nov)
RBM Bank Rate	13.0	13.0	13.0	13.0	25.0
Prime Rate	22.5	22.5	22.5	22.5	35.0
TB YIELD					
91 Days T-Bill	6.20	7.47	6.84	0.00	20.11
182 Days T-Bill	7.15	0.00	0.00	0.00	24.78
364 Days T-Bill	0.00	0.00	0.00	0.00	0.00

Source: National Statistical Office and Reserve Bank of Malawi