



MALAWI STOCK EXCHANGE

# THIRD QUARTER MARKET REPORT

JULY – SEPTEMBER 2013

MALAWI STOCK EXCHANGE

OLD RESERVE BANK BUILDING, VICTORIA AVENUE

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# MALAWI STOCK EXCHANGE LIMITED

## MARKET PERFORMANCE REPORT FOR 1<sup>st</sup> JULY TO 30<sup>th</sup> SEPTEMBER 2013

### 1.0 TRADING SUMMARY

The market was bullish in the third quarter of 2013 as it gave a return on index of 53.18% (36.96% in U\$D terms) compared to -0.63% (-8.25% in U\$D terms) in the corresponding period 2012.

It also recorded an increase in total traded volume, value and deals in the review period compared to the corresponding period 2012.

#### Index Levels and Return – 3<sup>rd</sup> Qtr. 2013

| INDEX | JULY, 2013 | SEP. 2013 | % Δ3 <sup>rd</sup><br>QTR. 13 | % Δ 3 <sup>rd</sup><br>QTR. 12 | % Δ YTD. 13 |
|-------|------------|-----------|-------------------------------|--------------------------------|-------------|
| MASI  | 6923.07    | 10604.97  | 53.18 ▲                       | 0.63 ▼                         | 76.29 ▲     |
| DSI   | 5425.20    | 8349.65   | 53.90 ▲                       | 0.71 ▼                         | 76.69 ▲     |
| FSI   | 1131.18    | 1296.46   | 14.61 ▲                       | 5.77 ▲                         | 51.69 ▲     |

#### Trading Statistics – 3<sup>rd</sup> Qtr. 2013

|                      | 3 <sup>rd</sup> Qtr. 2013 |  | 3 <sup>rd</sup> Qtr. 2012 | % Δ     |
|----------------------|---------------------------|--|---------------------------|---------|
| Traded Value (MK)    | 2,767,333,848.88          |  | 1,202,305,311.60          | 130.17▲ |
| Traded Value (US\$)  | 8,178,207.82              |  | 4,218,641.11              | 93.86 ▲ |
| Traded Vol. Shares   | 889,812,614               |  | 256,926,776               | 246.33▲ |
| No. of Transactions  | 420                       |  | 176                       | 138.64▲ |
| Index Close (MASI)   | 10604.97                  |  | 5926.44                   | 78.94 ▲ |
| Index Close (DSI)    | 8349.65                   |  | 4669.08                   | 78.83 ▲ |
| Index Close (FSI)    | 1296.46                   |  | 691.28                    | 87.54 ▲ |
| Listed companies     | 14                        |  | 14                        |         |
| Traded Companies     | 14                        |  | 14                        |         |
| Not Traded Companies | 0                         |  | 0                         |         |
| Gainers              | 11                        |  | 3                         |         |
| Decliners            | 0                         |  | 5                         |         |
| Unchanged            | 3                         |  | 6                         |         |

## 2.0 MARKET PERFORMANCE

### 2.1 Trade Performance Analysis

From 1<sup>st</sup> July to 30<sup>th</sup> September, 2013 a total of 889,812,614 shares were transacted at a total consideration of MK2,767,333,848.88 (US\$8,178,207.82) in 420 trades. In the corresponding period 2012, the market transacted a total of 256,926,776 shares at a total consideration of MK1,202,305,311.60 (US\$4,218,641.11) in 176 trades, reflecting a **246.33%** increase in terms of share volume and a **130.17%** (**93.86%** in US Dollar terms) increase in value.

Daily average share trades also grew as the market registered an average daily volume of 14,351,816 shares compared to 4,143,980 shares traded in the corresponding third quarter of 2012.

The average daily turnover for the third quarter 2013 was MK44,634,416.92 (US\$131,906.58) compared with MK19,392,021.15 (US\$68,042.60) for the corresponding third quarter 2012, reflecting an increase by **130.17%** (**93.86%** in US Dollar terms).

The months of July and August registered the biggest volume of 415,482,537 and highest value of MK1,470,085,448.29(US\$4,353,221.51) respectively.

#### TRADING SUMMARY FOR 1<sup>st</sup> JULY – 30<sup>th</sup> SEPTEMBER 2013

| DATE                      | VOLUME          | VALUE (MWK)      | VALUE (US\$)   |
|---------------------------|-----------------|------------------|----------------|
| July                      | 415,482,537     | 934,744,095.86   | 2,807,641.48   |
| August                    | 412,336,193     | 1,470,085,448.29 | 4,353,221.51   |
| September                 | 61,993,884      | 362,504,304.73   | 1,017,344.83   |
| 3 <sup>rd</sup> Qtr. 2013 | 889,812,614     | 2,767,333,848.88 | 8,178,207.82   |
| 3 <sup>rd</sup> Qtr. 2012 | 256,926,776     | 1,202,305,311.60 | 4,218,641.11   |
| % CHANGE                  | <b>246.33 ▲</b> | <b>130.17 ▲</b>  | <b>93.86 ▲</b> |
| 2 <sup>nd</sup> Qtr. 2013 | 1,030,320,035   | 2,104,703,874.86 | 5,535,290.03   |
| 1 <sup>st</sup> Qtr. 2013 | 2,101,338,035   | 2,952,651,806.76 | 7,448,395.05   |

### 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 6923.07 points registered in July to 10604.97 points registered on 30<sup>th</sup> September 2013, giving a return on index of 53.18% (36.96% in US\$ terms) compared to **-0.63%** (**-8.25%** in US\$ terms) registered in quarter III of 2012. The price gains registered by 11 counters (FMB, ILLOVO, NBM, NBS, NICO, NITL, PCL, STANDARD BANK, SUNBIRD, TNM and OML) were the major drivers in the

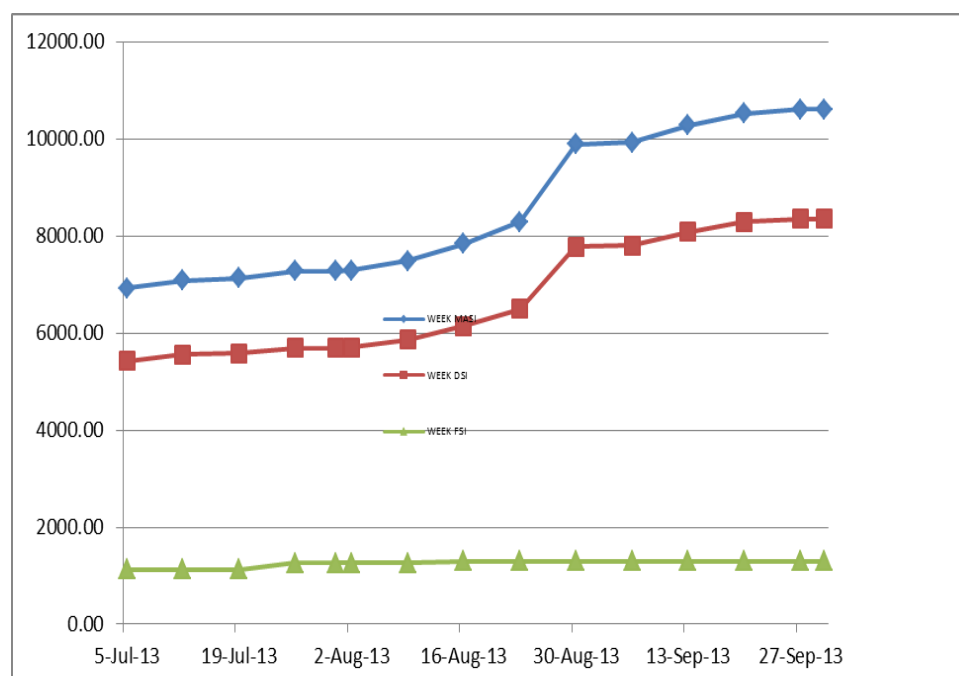
upward movement of the Malawi All Share Index, arising from an increase in both the Domestic Share Index (53.90%) and the Foreign Share Index (14.61%).

#### MARKET CAPITALISATION AND INDEX - 1<sup>st</sup> JULY – 30<sup>th</sup> SEPTEMBER 2013

| Month Ending              | Mkt. Cap. MKm. | Mkt. Cap US\$m | Mkt. Cap. MKm* | Mkt. Cap US\$m* | MASI     |
|---------------------------|----------------|----------------|----------------|-----------------|----------|
| July                      | 4,690,901.50   | 14,024.4645    | 286,890.26     | 857.7205        | 6923.07  |
| August                    | 5,461,734.67   | 16,145.3026    | 417,296.93     | 1,233.5614      | 9884.95  |
| September                 | 5,492,130.28   | 14,680.7658    | 447,692.54     | 1,196.7068      | 10604.97 |
| 3 <sup>rd</sup> Qtr. 2013 | 5,492,130.28   | 14,680.7658    | 447,692.54     | 1,196.7068      | 10604.97 |
| 3 <sup>rd</sup> Qtr. 2012 | 2,926,034.59   | 9,721.0451     | 250,186.99     | 831.1860        | 5926.44  |
| 2 <sup>nd</sup> Qtr. 2013 | 4,690,537.67   | 13,879.0509    | 291,896.07     | 863.7049        | 6914.45  |
| 1 <sup>st</sup> Qtr. 2013 | 4,519,858.92   | 11,019.4771    | 267,838.70     | 652.9944        | 6344.58  |

\* Excludes non-Malawi register Old Mutual plc shares

#### FIG 1: MSE INDICES – THIRD QUARTER 2013



### 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 2.33%, higher than 1.66% registered in third quarter 2012. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 0.56% in the review period while during the corresponding period of 2012 liquidity was at 0.33%.

## MARKET LIQUIDITY – 1<sup>st</sup> JULY – 30<sup>th</sup> SEPTEMBER 2013

| MONTH Ended             | Mkt. Cap/GDP % | Mkt. Cap/GDP* % | TVT/GDP % | TVT/Mkt. Cap* % | Shares Traded/Shares In Issue* % |
|-------------------------|----------------|-----------------|-----------|-----------------|----------------------------------|
| July                    | 253.32         | 15.493          | 0.05048   | 0.3258          | 2.361755                         |
| August                  | 294.94         | 22.535          | 0.07939   | 0.3523          | 2.343870                         |
| September               | 296.58         | 24.176          | 0.01958   | 0.0810          | 0.352396                         |
| 3 <sup>rd</sup> Qtr. 13 | 296.58         | 24.176          | 0.56339   | 2.3304          | 30.479350                        |
| 3 <sup>rd</sup> Qtr. 12 | 229.82         | 19.650          | 0.32676   | 1.6629          | 4.797964                         |
| 2 <sup>nd</sup> Qtr. 13 | 253.56         | 15.779          | 0.54677   | 3.4652          | 35.602984                        |
| 1 <sup>st</sup> Qtr. 13 | 335.23         | 19.865          | 0.87596   | 4.4096          | 47.779101                        |

\* Excludes non-Malawi register Old Mutual plc shares

## 2.4 Company Trading Performance

### Top 5 Gainers

| MSE CODE | COUNTER NAME                   | % GAIN |
|----------|--------------------------------|--------|
| NBM      | National Bank of Malawi        | 156.25 |
| FMB      | FMB Bank                       | 123.53 |
| STANDARD | Standard Bank Malawi           | 77.71  |
| NITL     | National Investment Trust Ltd. | 62.94  |
| TNM      | TNM Limited                    | 53.85  |

11 Counters registered capital gains in the review period

### Top 5 Traded Stocks by Volume

| MSE CODE | COUNTER NAME           | SHARES      | % OF TOTAL |
|----------|------------------------|-------------|------------|
| TNM      | TNM Limited            | 817,542,943 | 91.88      |
| NICO     | NICO Holdings          | 24,280,965  | 2.73       |
| MPICO    | MPICO Limited          | 12,068,624  | 1.36       |
| REAL     | REAL Insurance Company | 10,320,464  | 1.16       |
| FMB      | FMB Bank               | 9,187,828   | 1.03       |

### Top 5 Traded Stocks by Value

| MSE CODE | COUNTER NAME              | MK               | % OF TOTAL |
|----------|---------------------------|------------------|------------|
| TNM      | TNM Limited               | 1,362,278,846.95 | 49.23      |
| NBM      | National Bank of Malawi   | 557,364,040.37   | 20.14      |
| NICO     | NICO Holdings             | 354,230,394.70   | 12.80      |
| FMB      | FMB Bank                  | 131,224,997.31   | 4.74       |
| PCL      | Press Corporation Limited | 98,553,201.65    | 3.56       |

## Company Trading Statistics

| Company  | Opening Price | Closing Price | % Price Change | Share Vol. Traded | % Traded | Value Traded MK  |
|----------|---------------|---------------|----------------|-------------------|----------|------------------|
| BHL      | 700           | 700           | 0.00           | 50,000            | 0.01     | 350,000.00       |
| FMB      | 850           | 1900          | 123.53         | 9,187,828         | 1.03     | 131,224,997.31   |
| ILLOVO   | 19016         | 24600         | 29.36          | 251,019           | 0.03     | 56,325,459.00    |
| MPICO    | 200           | 200           | 0.00           | 12,068,624        | 1.36     | 24,137,248.00    |
| NBM      | 6720          | 17220         | 156.25         | 4,423,718         | 0.50     | 557,364,040.37   |
| NBS      | 850           | 1300          | 52.94          | 4,919,131         | 0.55     | 54,209,585.82    |
| NICO     | 1430          | 1515          | 5.94           | 24,280,965        | 2.73     | 354,230,394.70   |
| NITL     | 1700          | 2770          | 62.94          | 1,249,084         | 0.14     | 27,583,196.80    |
| PCL      | 18800         | 20000         | 6.38           | 493,996           | 0.06     | 98,553,201.65    |
| REAL     | 100           | 100           | 0.00           | 10,320,464        | 1.16     | 10,320,464.00    |
| STD BANK | 16600         | 29500         | 77.71          | 216,353           | 0.02     | 56,258,327.20    |
| SUNBIRD  | 650           | 657           | 1.08           | 4,805,519         | 0.54     | 31,551,259.83    |
| TNM      | 130           | 200           | 53.85          | 817,542,943       | 91.88    | 1,362,278,846.95 |
| OML PLC  | 90000         | 103150        | 14.61          | 2,970             | 0.00     | 2,946,921.00     |
|          |               |               |                | 889,812,614       | 100.00   | 2,767,333,942.63 |

### 3.0 ECONOMIC POSITION

3.1 The Malawi Kwacha moved during the three months period as follows: -

#### MIDDLE EXCHANGE RATES – 1<sup>st</sup> JULY – 30<sup>th</sup> SEPTEMBER 2013

| CURRENCY     | Sept. '12 | July '13 | Sept. '13 | % CHANGE |
|--------------|-----------|----------|-----------|----------|
| MK/US Dollar | 301.0000  | 334.4799 | 374.1038  | -10.59   |
| MK/GBP       | 496.0630  | 510.7046 | 603.5194  | -15.38   |
| MK/ZAR       | 38.1841   | 34.2742  | 37.6382   | -8.94    |
| MK/EUR       | 402.9536  | 437.8035 | 504.4742  | -13.22   |

Source: National Bank of Malawi; \*Used the reciprocal method to calculate % change

3.2 The year on year headline inflation decreased by 1.9 points to 23.3% in August 2013 from 25.2 % in July 2013 on account of a drop in non-food inflation from 30.7% in July 2013 to 28.9% in August 2013.

The urban and rural inflation rates for the month of August 2013 were 33.7% and 20.6% respectively.

| KEY MACROECONOMIC INDICATORS |            |           |              |              |            |
|------------------------------|------------|-----------|--------------|--------------|------------|
|                              | Sept. 2012 | Dec. 2012 | July. 2013   | August 2013  | Sept. 2013 |
| Inflation Rate               | 28.3       | 34.6      | 27.9         | 23.3         | 23.3(Aug)  |
| RBM Bank Rate                | 21.0       | 25.0      | 25.0         | 25.0         | 25.0       |
| Prime Rate                   | 31.0       | 35.0      | 35.0         | 35.0         | 35.0       |
| <b>TB YIELD</b>              |            |           |              |              |            |
| 91 Days T-Bill               | 18.77      | 20.11     | 29.06        | 17.96        | 14.92      |
| 182 Days T-Bill              | 22.00      | 24.78     | 30.00        | 18.04        | 20.17      |
| 364 Days T-Bill              | 24.00      | 0.00      | 30.12        | 22.12        | 22.48      |
| Import Cover (Months)        | 0.9        | 1.17      | 2.60(29 Jul) | 2.36(28 Aug) | 2.38       |

Source: National Statistical Office and Reserve Bank of Malawi