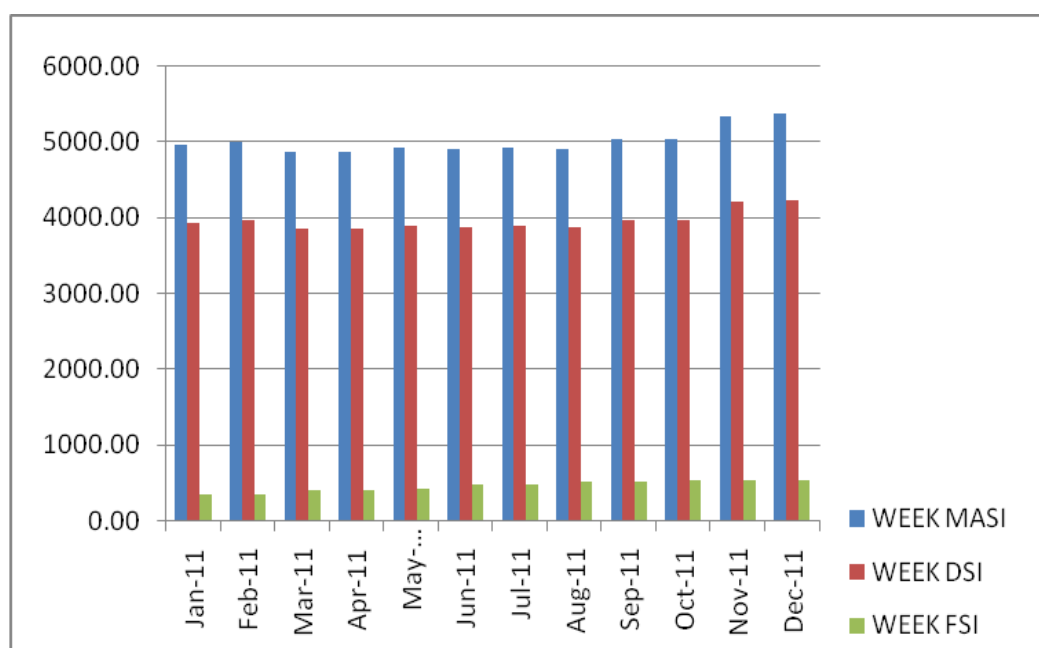




MALAWI STOCK EXCHANGE

ANNUAL MARKET PERFORMANCE REVIEW

2011



MALAWI STOCK EXCHANGE
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MALAWI STOCK EXCHANGE LIMITED

MARKET PERFORMANCE REPORT FOR 1st JANUARY TO 31st DECEMBER 2011

1.0 TRADING SUMMARY

The Malawi All Share Index (MASI) recovered from the annual negative return of 3.92 % registered in 2010 to a positive return of 8.41 % registered in 2011 anchored by an increase in both traded volume and value. The return in US Dollar terms was however eroded as a result of the depreciation of the Kwacha against the currency, particularly in the last quarter of 2011.

Key data for the market is as follows:

YEAR-TO-DATE INDEX LEVEL AND RETURN					
INDEX	JAN, 2011	DEC. 2011	% Δ. 11 (MK)	% Δ. 11 (US\$)	% Δ 2010 (MK)
MASI*	4953.09	5369.42	8.41 ▲	- 0.17 ▼	- 3.92 ▼
DSI**	3922.61	4238.39	8.05 ▲	- 0.50 ▼	- 4.03 ▼
FSI***	351.92	535.42	52.14 ▲	40.11 ▲	12.00 ▲
TOP MARKET GAINER IN 2011					
COUNTER	OML	REAL	NICO	ILLOVO	
CAPITAL GAIN %	52.14	20.00	19.57	18.18	
TOP FOUR TRADED COUNTERS BY VOLUME IN 2011					
COUNTER	TNM	NBM	FMB	NITL	
% TRADED	90.96	2.71	1.87	1.06	
TOP FOUR TRADED COUNTERS BY VALUE IN 2011					
COUNTER	TNM	NBM	ILLOVO	NITL	
% TRADED	36.27	35.13	13.38	3.65	

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

TRADING STATISTICS	YR 2011		YR 2010
Traded Value (MK)	7,062,658,723.29		1,863,110,685.33
Traded Value (US\$)	53,346,694.93		12,361,586.16
Traded Vol. Shares	1,590,006,071		241,957,941
No. of Transactions	1425		1308
No. of Listed companies	14		15
Traded Companies	14		13
Not Traded Companies	0		2
Gainers	9		7
Decliners	4		5
Unchanged	1		1
Index Close (MASI)	5,027.27		4953.09
Index Close (DSI)	3,966.49		3922.61
Index Close (FSI)	521.60		351.92

2.0 MARKET PERFORMANCE

2.1 Trade Performance Analysis

Total trading volume in year 2011 set a new annual record high since the inception of the Exchange in 1996 with a total of 1,590,006,071 shares transacted at a total consideration of MK7,062,658,723.29 (US\$53,346,694.93) in 1,425 trades. In the corresponding period 2010, the market transacted a total of 241,957,941 shares at a total consideration of MK1,863,110,685.53 (US\$12,361,586.16) in 1,308 trades, reflecting a 557.14 % increase in terms of share volume and a 279.1 % (331.55% in US Dollar terms) increase in value.

Daily average share trades exhibited high volumes as the market registered an average daily volume of 6,489,821 shares compared to 975,637 shares traded in 2010.

The average daily turnover for the year 2011 was MK28,827,178.46 (US\$217,741.61) compared with MK7,512,543.09 (US\$49,845.11) for the year 2010, reflecting an increase by 283.72 % (336.84% in US Dollar terms).

The highest sales of shares in terms of volume were registered in March at a total of 678,442,292 shares while in value terms were transacted in January at a total turnover of MK2,216,453,978.54 (US\$14,697,902.69).

TABLE 1: MARKET TRADING SUMMARY FOR 1st JAN. – 31st DECEMBER 2011

MONTH	DEALS	SHARES	VALUE MK	VALUE USD
JAN -11	158	44,839,097	2,216,453,978.54	14,697,902.69
FEB -11	229	28,127,978	183,580,036.20	1,217,370.90
MAR - 11	102	678,442,292	1,431,340,182.73	9,491,614.07
APR -11	112	41,673,945	205,324,300.92	1,361,559.38
MAY -11	125	31,528,303	221,755,560.75	1,470,598.14
JUN -11	101	643,509,501	1,163,291,354.99	7,714,218.12
JUL -11	88	10,688,654	104,714,630.26	694,396.11
AUG -11	106	50,648,182	236,230,421.60	1,431,363.16
SEP -11	141	30,038,376	129,109,132.00	783,710.54
OCT -11	95	18,558,133	773,228,743.00	4,605,913.82
NOV -11	113	9,443,489	326,103,563.80	9,443,489.00
DEC -11	55	2,508,121	71,526,818.50	434,558.99
TOTAL 2011	1,425	1,590,006,071	7,062,658,723.29	53,346,694.93
TOTAL 2010	1,308	241,957,941	1,863,110,685.33	12,361,586.16
% CHANGE	8.94	557.14	279.08	331.55

2.2 Market Capitalisation and Index

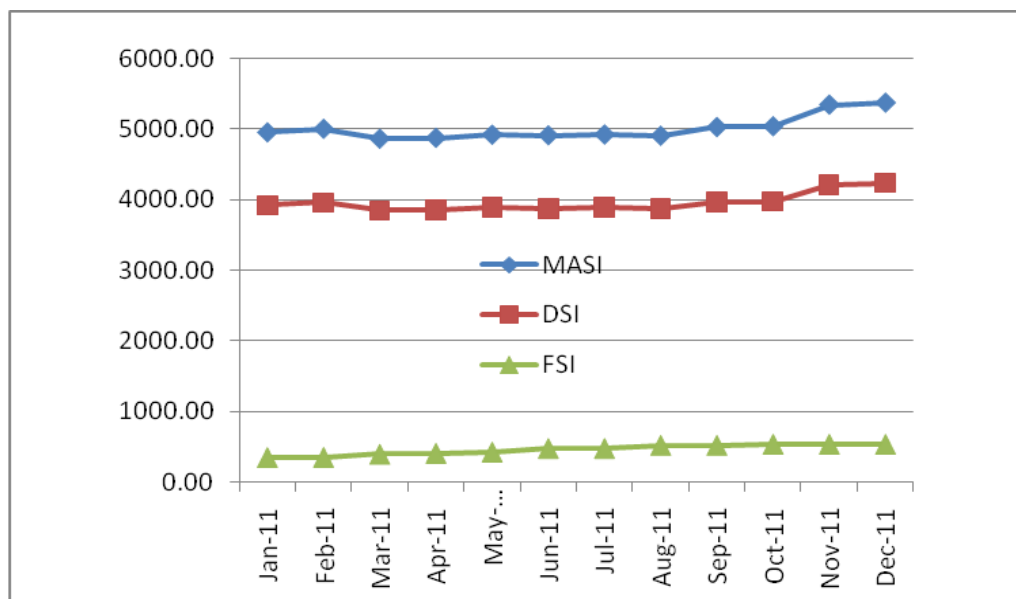
The market started turning around in the second quarter of the year when it registered a positive return on index of 1.12% which increased in the third quarter of the year to 2.34% and later to 6.81% in quarter IV of 2011. The year on year return on Index for year 2011 was 8.41% higher than the negative return of 3.92% registered in 2010. The Malawi All Share Index (MASI) increased from 4863.41 points registered in January 2011 to 5369.42 points registered on 30th December, 2011. The price gainers registered by 9 counters (OML, REAL, NICO, ILLOVO, BHL, FMB, TNM, STANDARD Bank and PCL) were the major drivers in the increase in the Malawi All Share Index, arising from the increase in both the Domestic and Foreign Share Indices which have registered positive return on indices of 8.05 % and 52.14%, respectively.

MARKET CAPITALISATION AND INDEX - 1st JAN. – 31st DECEMBER 2011

Month Ending	Mkt. Cap. MKm.	Mkt. Cap. US\$m	Mkt. Cap. MKm*	Mkt. Cap. US\$m*	MASI
1st QTR	1,416,638.94	207,223.12	9,394.1014	1,374.1504	4863.41
2nd QTR	2,395,156.18	205,825.85	15,882.9459	1,364.8884	4912.30
3rd QTR	2,601,622.33	210,643.15	17,252.0459	1,396.8305	5027.27
4th QTR	2,681,021.48	226,666.95	16,372.5003	1,384.2130	5369.42
2011	2,681,021.48	226,666.95	16,372.5003	1,384.2130	5369.42
2010	1,278,529.23	207,223.12	1,863.1108	1,374.1504	4953.09
2009	1,172,148.07	215,624.76	2,877.6421	1476.9315	5154.95
% Δ 10-11	109.70	9.38	93.11	0.73	8.41

* Excludes non-Malawi register Old Mutual plc shares

FIG 1: MSE INDICES – 1st JANUARY – 31st DECEMBER 2011



2.3 Market Liquidity

The turnover velocity as measured by the ratio of Total Value of Trades to Market Capitalisation (**TVT/MCAP***) was 3.15% in 2011 compared to 0.90% recorded in 2010. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 0.26% in the review period while in 2010 liquidity was at 0.15 %.

MARKET LIQUIDITY – 1st JANUARY – 31st DECEMBER 2011

MONTH Ended	Mkt. Cap/GDP %	Mkt. Cap/GDP* %	TVT/GDP %	TVT/Mkt. Cap* %	Shares Traded/Shares In Issue* %
1st QTR	193.633	28.324	0.591	1.880	4.303
2nd QTR	327.381	28.133	0.245	0.773	4.105
3rd QTR	355.602	28.792	0.073	0.223	0.523
4th QTR	366.454	30.982	0.044	0.522	0.175
2011	366.454	30.982	0.263	3.151	9.126
2010	227.942	36.945	0.146	0.899	1.389
2009	208.976	38.443	0.246	1.335	3.400

* 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.	52.14
REAL	Real Insurance	20.00
NICO	NICO Holdings Ltd	19.57
ILLOVO	Illovo Sugar Malawi Limited	18.18
BHL	Blantyre Hotels Limited	9.38

9 counters registered a capital gain during the review period.

Top 4 Decliners

MSE CODE	COUNTER NAME	% LOSS
SUNBIRD	Sunbird Tourism Limited	- 21.35
NBM	National Bank of Malawi	- 10.45
NBS	NBS Bank	- 9.09
MPICO	Malawi Property Investment Company	- 3.23

4 Counters registered a capital loss in year 2011.

Top 5 Traded Stocks by Volume

MSE CODE	COUNTER NAME	SHARES	% OF TOTAL
TNM	TNM	1,446,268,043	90.96
NBM	National Bank of Malawi	43,153,870	2.71
FMB	FMB Bank	29,733,090	1.87
NITL	National Investment Trust Ltd.	16,784,453	1.06
MPICO	Malawi Property Investment Company	15,431,502	0.97

Top 5 Traded Stocks by Value

MSE CODE	COUNTER NAME	MK	% OF TOTAL
TNM	TNM Limited	110,000,863.20	36.27
NBM	National Bank of Malawi	43,153,870	35.13
ILLOVO	Illovo Sugar Malawi Limited	111,874,180.00	13.38
NITL	National Investment Trust Ltd.	16,784,453	3.65
FMB	FMB Bank	32,386,690.00	2.81

COMPANY TRADING SUMMARY FOR 1st JAN. – 31st DECEMBER 2011

Company	Opening Price	Closing Price	% Price Change	Share Vol. Traded	% Traded	Value Traded MK
BHL	640	700	9.38	260,000	0.02	1,820,000.00
FMB		700	7.69	29,733,090	1.87	198,805,223.73
ILLOVO	11000	13000	18.18	8,556,535	0.54	945,084,537.00
MPICO	310	300	-3.23	15,431,502	0.97	46,623,874.51
NBM	5865	5250	-10.49	43,153,870	2.71	2,481,239,784.05
NBS	1100	1000	-9.09	11,829,872	0.74	120,643,749.35
NICO	920	1100	19.57	10,435,320	0.66	120,085,351.50
NITL	1600	1600	0.00	16,784,453	1.06	258,093,401.50
PCL	17500	18000	2.86	851,231	0.05	151,953,212.00
REAL	100	120	20.00	4,437,312	0.28	4,560,655.00
STANDARD BANK	10000	10500	5.00	1,386,532	0.09	140,494,074.00
SUNBIRD	890	700	-21.35	808,087	0.05	5,795,949.00
TNM	175	190	8.57	1,446,268,043	90.96	2,561,584,612.65
OML	28000	42600	52.14	70,224	0.00	25,874,299.00
TOTAL				1,590,006,071	100.00	7,062,658,723.29

3.0 ECONOMIC POSITION

- 3.1 The Malawi Kwacha moved during the twelve months period from 1st January to 31st December, 2011 as follows: -

EXCHANGE RATES – 1st JANUARY – 31st DECEMBER 2011

CURRENCY	1 st Jan. 2011	Sept. 2011	31 st Dec. 2011	Annual % Change
MK/US Dollar	150.8007	165.9701	163.7515	- 7.910
MK/GBP	235.5998	259.3780	252.4393	- 6.670
MK/ZAR	23.0474	20.8447	20.0281	15.08
MK/EUR	198.2865	225.6695	212.2383	- 6.570

- 3.2 The year on year headline inflation slightly increased by 0.8 points to 8.9% in November, 2011 from 8.1 % in October, 2011 on account of a continued rise in both food and non food inflation. The urban and rural inflation rates for the month of November, 2011 were 11.5% and 7.3% respectively.

KEY MACROECONOMIC INDICATORS					
	Dec. 2009	Jan. 2010	Dec. 2010	Jan. 2011	Dec. 2011
Inflation Rate	7.6	7.8	6.3	6.6	8.9 (Nov)
RBM Bank Rate	15.0	15.0	15.0	13.0	13.0
Prime Rate	19.58	19.58	19.58	19.63	19.63
TB YIELD					
91 Days T-Bill	7.14	7.47	6.20	6.31	6.84
182 Days T-Bill	10.79	10.93	7.15	7.12	7.61
271 Days T-Bill	10.26	10.01	7.39	7.39	9.78