



MALAWI STOCK EXCHANGE

# FIRST QUARTER MARKET REPORT

JANUARY – MARCH 2009

MALAWI STOCK EXCHANGE  
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# MALAWI STOCK EXCHANGE LIMITED

## MARKET PERFORMANCE REPORT FOR 1<sup>st</sup> JANUARY TO 31<sup>st</sup> MARCH 2009

### 1.0 INTRODUCTION

The market was generally down in the first quarter of 2009 as it registered negative return on index but increased trading volumes compared to the first quarter of 2008.

YEAR -TO-DATE INDEX LEVEL AND RETURN				
	INDEX LEVEL	YEAR -TO-DATE INDEX RETURN		
		LOCAL CURRENCY	US DOLLAR	
MASI	4981.01	-18.08 %	-18.08 %	
DSI	3953.98	-17.74 %	-17.74 %	
FOUR CAPITAL LOOSERS IN FIRST QUARTER 2009				
COUNTER	OML	PCL	TNM	MPICO
CAPITAL LOSS %	- 51.81	- 41.46	- 39.39	- 18.60
TOP FOUR TRADED COUNTERS BY VOLUME IN FIRST QUARTER 2009				
COUNTER	TNM	NBS	NICO	FMB
% TRADED	89.19	3.27	1.84	1.73
TOP FOUR TRADED COUNTERS BY VALUE IN FIRST QUARTER 2009				
COUNTER	TNM	PCL	NBS	ILLOVO
% TRADED	42.84	18.42	10.76	8.84

### 2.0 MARKET PERFORMANCE

#### 2.1 Trade Performance Statistics

From 1<sup>st</sup> January to 31<sup>st</sup> March, a total of 197,303,919 shares were transacted at the market at a total consideration of MK860,806,030.05 (US\$6,122,210.93) in 538 trades. In the corresponding period 2008, the market transacted a total of 61,617,295 shares at a total consideration of MK1,015,680,056.70 (US\$7,231,585.89) in 828 trades. This reflects a 220.21 % increase in terms of share volume but a 15.25 % (15.34% in US Dollar terms) decrease in terms of share value.

Daily average share trades exhibited similar trends as the market registered the daily volume of 3,182,321 shares compared to 993,827 shares traded in the corresponding first quarter of 2008. The average daily turnover for the first quarter 2009 was MK13,883,968.23 (US\$98,745.34) compared with MK16,381,936.40 (US\$116,638.48) for the corresponding first quarter 2008, reflecting a decrease by 15.25 % (15.34% in US\$ terms).

The highest sales of shares in terms of both share value and volume were transacted in February at a total consideration of MK453,032,354.10 (US\$3,222,075.01) in 141,622,425 shares.

**TABLE 1: TRADING SUMMARY FOR 1<sup>ST</sup> JANUARY – 31<sup>ST</sup> MARCH 2009**

DATE	VOLUME	VALUE (MWK)	VALUE (US\$)
January	16,686,916	188,040,134.60	1,337,378.24
February	141,622,425	453,032,354.10	3,222,075.01
March	38,994,578	219,733,541.35	1,562,757.68
<b>1<sup>st</sup> Qtr 2009</b>	<b>197,303,919</b>	<b>860,806,030.05</b>	<b>6,122,210.93</b>
<b>1<sup>st</sup> Qtr 2008</b>	<b>61,617,295</b>	<b>1,015,680,056.70</b>	<b>7,231,585.89</b>
<b>% CHANGE</b>	<b>220.21</b>	<b>- 15.25</b>	<b>- 15.34</b>

## 2.2 Market Capitalisation and Index

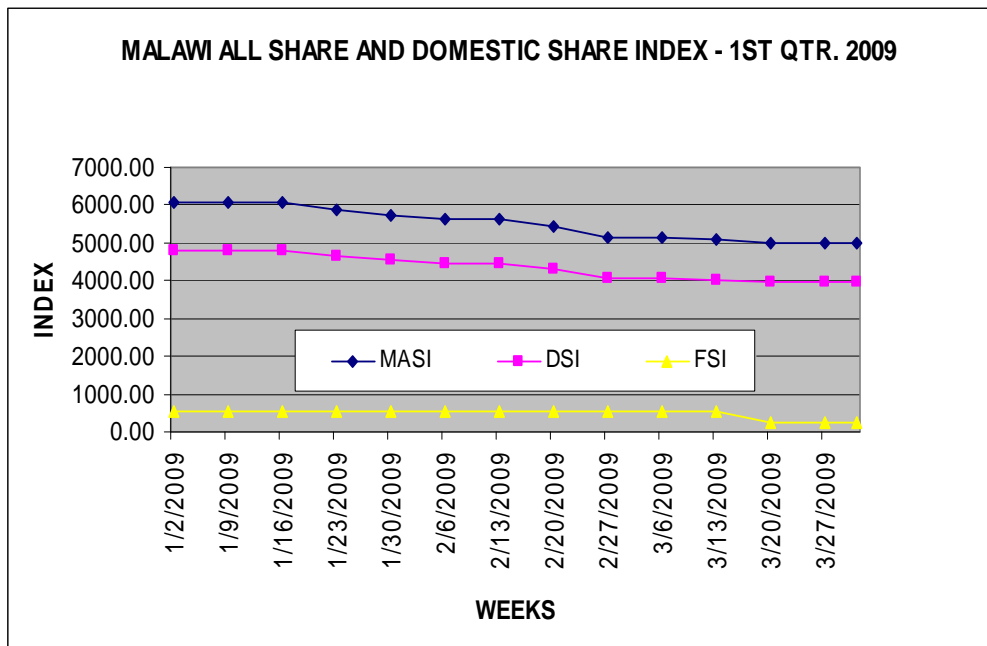
Total market capitalization for all listed stocks was at MK1,838.819 billion (US\$13.078 billion) as at the beginning of the first quarter, 2009 and decreased to MK970.838 billion (US\$6.904 billion) as at 31<sup>st</sup> March 2009. The 47.2% decrease in the market capitalization is due to share price declines in most of the traded counters.

Despite registering higher share trades in the quarter under review, the Malawi All Share Index (MASI), the index that measures the average price movement of all counters at the Exchange decreased from 6080.08 points registered in the month of January to 4981.01 points registered at 31<sup>st</sup> March 2009, giving a negative return on index of -18.08%, (-18.08% in US\$ terms). The price loss registered in OML, PCL, TNM, MPICO, REAL, Standard Bank, FMB and ILLOVO among others were the major drivers in the decrease in the Malawi All Share Index arising from the decrease in both the Domestic Share Index and the Foreign Share Index to the current levels of 3953.98 and 251.37 points respectively.

Table 2: Market Capitalization and Index – 1<sup>st</sup> Quarter 2009

Month Ending	Mkt. Cap. MKm.	Mkt. Cap US\$m	Mkt. Cap. MKm*	Mkt. Cap US\$m*	MASI
January	1,838,819.06	13,078.1950	250,990.38	1,785.1137	6080.08
February	1,800,312.31	12,804.3060	212,483.62	1,511.2407	5147.28
March	970,838.61	6,904.6447	205,619.97	1,462.3778	4981.01
1 <sup>st</sup> Qtr. 2009	970,838.61	6,904,6447	205,619.97	1,462,3778	4981.01
1 <sup>st</sup> Qtr. 2008	1,775,916.16	12,641.7902	188,087.48	1,338.8934	5028.55

\* Excludes non-Malawi register Old Mutual plc shares



## 2.3 Market Liquidity

The turnover velocity, as measured by the ratio of Total Value of Trades to Market Capitalisation (**TVT/MCAP\***) was recorded at 1.67%, lower than the liquidity ratio of 2.16% registered in first quarter 2008. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 0.61 % in the review period while the corresponding period of first quarter 2008 liquidity was at 0.72 %.

Table 3: Market Liquidity – 1<sup>st</sup> Quarter 2009

MARKET LIQUIDITY: FIRST QUARTER 2009					
MONTH	Mkt. Cap/GDP	Mkt. Cap/GDP*	TVT/GDP	TVT/Mkt. Cap*	Shares Traded/Shares In Issue* %
Ended	%	%	%	%	%
January	327.83	44.748	0.03352	0.0749	0.096515
February	320.97	37.883	0.08077	0.2132	0.819124
March	173.09	36.659	0.03918	0.1069	0.225539
<b>1<sup>st</sup> Qtr. 09</b>	<b>173.09</b>	<b>36.659</b>	<b>0.61387</b>	<b>1.6746</b>	<b>4.564714</b>
<b>1<sup>st</sup> Qtr. 08</b>	<b>316.62</b>	<b>33.533</b>	<b>0.72432</b>	<b>2.1600</b>	<b>3.527235</b>

\* Excludes non-Malawi register Old Mutual plc shares

## 2.4 Company Trading Performance

The market recorded trading activity on all counters during the review period. Telecom Networks Malawi Limited - TNM registered the biggest trading volume of 175,985,092 shares and the highest share value of MK368,809,888.65 representing 89.19 % of the total volume of shares traded and 42.84 % of the total value respectively.

The highest price loss during the review period was OML plc down by 51.81 % from K415.00 to K200.00 per share. Other price losers among others were Press Corporation Limited (41.46%), TNM (39.39%), MPICO (18.60%), Real Insurance Limited (17.86%), STANDARD Bank (17.65%), FMB (12.50% and ILLOVO (12.00%). Blantyre Hotels Limited, PIM and SUNBIRD did not register price movements during the review period.

Table 4. Company Trading Statistics

COMPANY TRADING STATISTICS : FIRST QUARTER 2009						
Company	Opening Price	Closing Price	Change in Price	% Price Change	Share Vol. Trade	% Traded
BHL	615	615	0	0.00	250,000	0.13
FMB	1200	1050	-150	-12.50	3,406,738	1.73
ILLOVO	12500	11000	-1500	-12.00	678,271	0.34
MPICO	430	350	-80	-18.60	2,262,840	1.15
NBM	6400	5900	-500	-7.81	385,718	0.20
NBS	1450	1400	-50	-3.45	6,458,661	3.27
NICO	950	900	-50	-5.26	3,621,494	1.84
NITL	2100	2000	-100	-4.76	635,801	0.32
PCL	20500	12000	-8500	-41.46	1,288,972	0.65
PIM	625	625	0	0.00	80,000	0.04
REAL	280	230	-50	-17.86	1,509,737	0.77
STANBIC	8500	7000	-1500	-17.65	517,225	0.26
SUNBIRD	890	890	0	0.00	222,270	0.11
TNM	330	200	-130	-39.39	175,985,092	89.19
OML PLC	41500	20000	-21500	-51.81	1,100	0.00
					<b>197,303,919</b>	<b>100.000</b>

### 3.0 ECONOMIC POSITION

- 3.1 The Malawi Kwacha moved during the three months period from 1<sup>st</sup> January to 31<sup>st</sup> March 2009, value as follows: -

**TABLE 2: EXCHANGE RATES: FIRST QUARTER 2009**

CURRENCY	END JAN' 2009	END MAR' 2009	% CHANGE
MK/US Dollar	140.6019	140.6066	0.00
MK/GBP	228.6207	234.9290	-2.69
MK/ZAR	15.9614	17.2469	-7.45
MK/EUR	204.1233	220.9319	-7.61

The Kwacha was firm against most trading currencies as it marginally depreciated by 0.01% against the US Dollar and 2.7% against the British Pound sterling during the review period of January to March 2009. Against the US Dollar it shifted from its middle trading position of MK140.6019/US\$ to MK140.6066/US\$ while against the British Pound Sterling the Kwacha traded from K228.6207/GBP to K234.9290/GBP. Against the South African Rand, the Kwacha depreciated in value by 7.45 percent to close at MK17.2469/ZAR. Despite the Kwacha losing marginal value in some of the trading currencies it is expected to exhibit some steadiness on the back of the proceeds from tobacco inflows and the anticipation of proceeds from uranium exports.

- 3.2 The annual rate of inflation slightly decreased to 9.7% in February 2009 from 10.1 % in January 2009. The decrease was largely due to a decrease in non food items by 1.4 percentage points to 10.8 percent due to downward price adjustments in petroleum products. The urban and rural inflation rates for the month of February, 2009 were 11.4% and 8.8% respectively.
- 3.3 The 91 days T-Bill yield was 13.37% as at the beginning of January 2009 and decreased to 10.46% at the auction held on 27<sup>th</sup> March 2009. The 182 days T-Bill decreased from 13.32% to 12.07% while the 273 days T-Bill decreased from 13.53% to 12.77% as investors hedged into long-term positions and Government sought to lengthen the maturity profile.

KEY MACROECONOMIC INDICATORS					
	Mar. 2008	Dec. 2008	Jan. 2009	Feb. 2009	Mar. 2009
Inflation Rate	8.2	9.9	10.1	9.7	9.7 (Feb)
RBM Bank Rate	15.0	15.0	15.0	15.0	15.0
Prime Rate	19.58	19.58	19.58	19.58	19.58
<b>TB YIELD</b>					
91 Days T-Bill	8.67	13.42	13.37	11.23	10.46
182 Days T-Bill	8.34	13.32	13.32	12.40	12.07
271 Days T-Bill	8.86	13.53	13.53	12.95	12.77