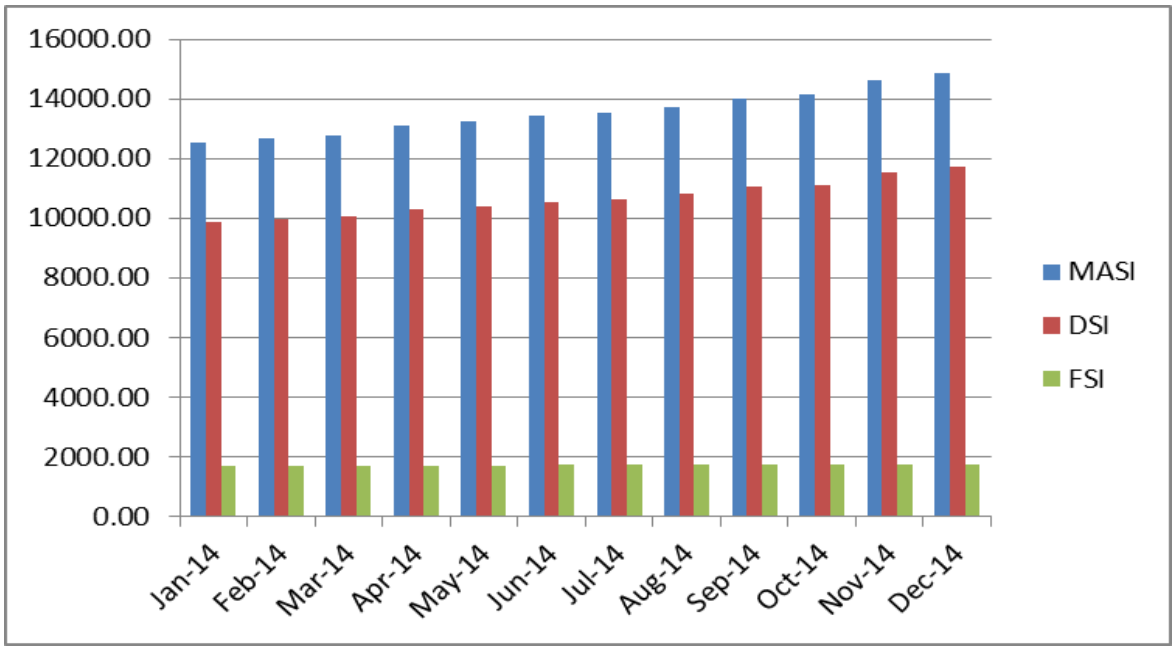
MALAWI STOCK EXCHANGE

ANNUAL MARKET PERFORMANCE REVIEW

2014



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MALAWI STOCK EXCHANGE LIMITED

MARKET PERFORMANCE REPORT FOR 1st JANUARY TO 31st DECEMBER 2014

1.0 TRADING SUMMARY

The market was bullish and registered a return on investment of 18.79% though lower than 108.31% registered in 2013. It however, recorded a decrease in both traded volume and value and no trades on the three Government bonds listed on 15th December, 2014.

In US Dollar terms, the market registered a return on investment of 8.14% in 2014 compared to 97.26% registered in 2013.

Key data for the market is as follows:

YEAR-TO-DATE INDEX LEVEL AND RETURN						
INDEX	JAN, 2014	DEC. 2014	% Δ. 14 (MK)	% Δ. 14 (US$)	% Δ. 13 (MK)	% Δ. 13 (US$)
MASI*	12531.04	14886.12	18.79 ▲	8.14 ▲	108.31 ▲	97.26 ▲
DSI**	9850.19	11720.43	18.99 ▲	8.31 ▲	108.45 ▲	97.39 ▲
FSI***	1709.34	1759.61	2.94 ▲	-6.29 ▲	100.00 ▲	143.42 ▲
TOP FIVE MARKET GAINERS IN 2014						
COUNTER	REAL	MPICO	TNM	NICO	NBS	
CAPITAL GAIN %	130.00	101.00	91.12	82.58	68.75	
TOP FIVE TRADED COUNTERS BY VOLUME IN 2014						
COUNTER	TNM	MPICO	NICO	NBS	FMB	
% TRADED	93.14	1.84	1.81	1.13	0.77	
TOP FIVE TRADED COUNTERS BY VALUE IN 2014						
COUNTER	TNM	ILLOVO	NICO	NBM	PCL	
% TRADED	47.52	23.27	7.31	5.99	4.18	

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

TRADING STATISTICS	YR 2014		YR 2013
Traded Value (MK)	10,865,168,546.94		13,331,021,444.05
Traded Value (US$)	26,670,773.15		34,556,325.81
Traded Vol. Shares	1,724,271,388		4,409,237,082
No. of Transactions	1,673		1,261
No. of Listed companies	14		14
Traded Companies	14		14
Not Traded Companies	0		0
Gainers	13		12
Decliners	0		2
Unchanged	1		0
Index Close (MASI)	14886.12		12531.04
Index Close (DSI)	11720.43		9850.19
Index Close (FSI)	1709.34		854.67

2.0 MARKET PERFORMANCE

2.1 Trade Performance Analysis

The market transacted a total of 1,724,271,388 shares at a total consideration of MK10,865,168,546.94 (US$26,670,773.15) in 1,673 trades. In the corresponding period 2013, the market transacted a total of 4,409,237,082 shares at a total consideration of MK13,331,050,694.05 (US$34,556,393.34)in 1,261 trades, reflecting a 60.89% decrease in terms of share volume and an 18.50% (22.82% in US Dollar terms) decrease in value terms.

Daily average share trades exhibited similar trends as the market registered an average daily volume of 6,952,707 shares compared to 17,779,174 shares traded in 2013, reflecting a 60.89% decrease.

The average daily turnover for the year 2014 was MK43,811,163.50 (US$107,543.44) compared to MK53,754,118.73 (US$139,340.02) for the year 2013, reflecting a decrease of 18.50% (22.82% in US Dollar terms).

The highest sales in terms of volume and value was registered in May at a total of 1,494,922,408 shares and a total turnover of MK4,906,161,765.51 (US$12,366,167.04).

TABLE 1: MARKET TRADING SUMMARY FOR 1st JAN. – 31st DECEMBER 2014

MONTH	DEALS	SHARES	VALUE MK	VALUE U$D
Jan-14	110	7,255,289	140,412,156.07	323,615.98
Feb-14	120	23,478,741	589,751,300.92	1,389,384.74
Mar-14	109	18,292,706	190,333,504.69	460,601.45
Apr-14	141	35,558,864	722,918,791.54	1,785,577.45
May-14	114	1,494,922,408	4,906,161,765.51	12,366,167.04
Jun-14	143	17,010,762	622,643,409.90	1,572,865.09
Jul-14	134	22,543,583	1,095,881,895.05	2,742,404.82
Aug-14	159	13,518,150	334,294,068.98	890,477.72
Sep-14	167	28,790,143	856,635,330.90	2,143,058.07
Oct-14	188	24,592,809	382,530,470.27	879,348.62
Nov-14	136	12,014,533	397,617,507.64	818,426.68
Dec-14	152	26,293,400	625,988,345.47	1,298,845.49
TOTAL 2014	**1,673**	**1,724,271,388**	**10,865,168,546.94**	**26,670,773.15**
TOTAL 2013	**1,261**	**4,409,237,082**	**13,331,021,444.05**	**34,556,325.81**
% CHANGE	**32.67 ▲**	**60.89 ▼**	**18.50 ▼**	**22.82 ▼**

2.2 Market Capitalisation and Index

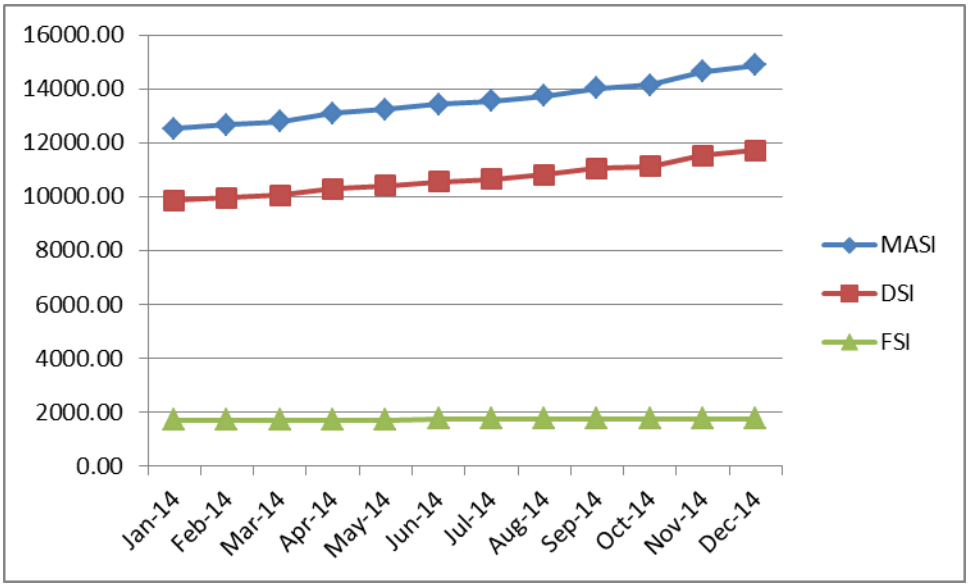
The market registered a positive return on index throughout all the four quarters in the year under review of 2.01%, 4.96%, 4.56% and 6.07% respectively. The year on year return on Index for year 2014 was 18.79% lower than 108.31% registered in 2013. The Malawi All Share Index (MASI) increased from 12531.04 points registered in January 2014 to 14886.12 points registered on 31st December, 2014. The price gains registered by 13 counters (FMB, ILLOVO, MPICO, NBM, NBS, NICO, NITL, PCL, REAL, STANDARD Bank, Sunbird Tourism Ltd, TNM and OML) 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 18.99% and 2.94%, respectively.

MARKET CAPITALISATION AND INDEX - 1st JAN. – 31st DECEMBER 2014

Month Ending	Mkt. Cap. MKm.	Mkt. Cap US$m	Mkt. Cap. MKm*	Mkt. Cap US$m*	MASI
1st QTR	7,179,933.27	16,576.3538	527,163.53	1,217.0655	12531.04
2nd QTR	7,352,993.58	18,578.5903	575,236.84	1,453.4338	13417.47
3rd QTR	7,384,870.80	18,004.2216	601,486.33	1,466.4161	14029.74
4th QTR	7,489,363.22	15,739.8753	638,201.18	1,341.2632	14886.12
2014	**7,489,363.22**	**15,739.8753**	**638,201.18**	**1,341.2632**	**14886.12**
2013	**7,179,933.27**	**16,576.3538**	**529,002.28**	**1,221.3106**	**12531.04**
2012	**3,562,267.61**	**10,570.5270**	**253,946.93**	**753.5517**	**6015.51**
% Δ 13-14	**4.31 ▲**	**5.05 ▼**	**21.06 ▲**	**10.20 ▲**	**18.79 ▲**

*** Excludes non-Malawi register Old Mutual plc shares**

FIG 1: MSE INDICES – 1st JANUARY – 31st DECEMBER 2014



2.3 Market Liquidity

The turnover velocity as measured by the ratio of Total Value of Trades to Market Capitalisation **(TVT/MCAP*)** was 1.70% in 2014 compared to 2.52% recorded in 2013. The ratio of Total Value of Trades to Gross Domestic Product **(TVT/GDP)** recorded a liquidity level of 0.15% in the review period while in 2013 liquidity was at 0.19%.

MARKET LIQUIDITY – 1st JANUARY – 31st DECEMBER 2014

MONTH Ended	Mkt. Cap/GDP %	Mkt. Cap/GDP* %	TVT/GDP %	TVT/Mkt. Cap* %	Shares Traded/Shares In Issue* %
1st QTR	312.86	22.971	0.01282	0.1746	0.278707
2nd QTR	301.20	23.564	0.08502	1.0868	8.783872
3rd QTR	302.51	24.639	0.03097	0.3802	0.368112
4th QTR	306.79	26.143	0.01878	0.2203	0.357037
2014	306.79	26.14	0.15	1.70	9.79
2013	387.73	28.57	0.19	2.52	25.07
2012	279.79	19.95	0.11	1.57	3.79

* Excludes non-Malawi register Old Mutual plc shares

2.4 Company Trading Performance

Top 5 Gainers

MSE CODE	COUNTER NAME	% GAIN
REAL	REAL Insurance	130.00
MPICO	MPICO Limited	101.00
TNM	TNM	91.12
NICO	NICO Holdings Limited	82.58
NBS	NBS Bank	68.75

13 counters registered a capital gain during the review period.

Top 5 Traded Stocks by Volume

MSE CODE	COUNTER NAME	SHARES	% OF TOTAL
TNM	TNM	1,605,964,023	93.14
MPICO	MPICO Limited	31,666,466	1.84
NICO	NICO Holdings Limited	31,172,097	1.81
NBS	NBS Bank	19,480,249	1.13
FMB	FMB Bank	13,213,255	0.77

Top 5 Traded Stocks by Value

MSE CODE	COUNTER NAME	MK	% OF TOTAL
TNM	TNM	5,162,924,708.42	47.52
ILLOVO	Illovo Sugar Malawi Limited	2,528,003,886.00	23.27
NICO	NICO Holdings Limited	793,729,089.20	7.31
NBM	National Bank of Malawi	651,001,131.14	5.99
PCL	Press Corporation Limited	454,189,793.40	4.18

COMPANY TRADING SUMMARY FOR 1st JAN. – 31st DECEMBER 2014

Company	Opening Price	Closing Price	% Price Change	Share Vol. Traded	% Traded	Value Traded MK
BHL	800	800	0.00	27,100	0.00	216,800.00
FMB	1500	1896	26.40	13,213,255	0.77	206,026,313.05
ILLOVO	28700	29420	2.51	8,616,313	0.50	2,528,003,886.00
MPICO	200	402	101.00	31,666,466	1.84	111,043,248.14
NBM	21500	24100	12.09	2,801,416	0.16	651,001,131.14
NBS	1600	2700	68.75	19,480,249	1.13	336,271,795.38
NICO	1780	3250	82.58	31,172,097	1.81	793,729,089.20
NITL	2950	4150	40.68	3,665,083	0.21	134,496,348.60
PCL	28500	45310	58.98	1,243,972	0.07	454,189,793.40
REAL	100	230	130.00	4,119,767	0.24	8,375,347.28
STANDARDBANK	40000	42500	6.25	1,002,047	0.06	401,717,973.33
SUNBIRD	700	800	14.29	1,250,606	0.07	9,451,725.75
TNM	214	409	91.12	1,605,964,023	93.14	5,162,924,708.42
OML	136000	140000	2.94	48,994	0.00	67,720,387.25
TOTAL				**1,724,271,388**	**100.00**	**10,865,168,546.94**

3.0 ECONOMIC POSITION

3.1 The Malawi Kwacha depreciated by 8.97 percent against the US Dollar from its trading position of MK433.1431/US$ registered in January to MK475.8210/US$ traded in December, 2014. The import cover, however, registered an improvement from 2.13 months registered in January to 3.13 months registered in December, 2014.

The Kwacha continues appreciating in Q1 2015 after the Central bank changed the Liquidity Requirement Ratio on Foreign Currency Denominated Accounts (FCDA) to Malawi Kwacha equivalent and is expected to appreciate further towards the second quarter once the tobacco auction season starts.

The Kwacha moved during the twelve months period from 1st January to 31st December, 2014 as follows: -

EXCHANGE RATES – 1st JANUARY – 31st DECEMBER 2014

CURRENCY	1st Jan. 2014	Sept. 2014	31st Dec. 2014	Annual % Change
MK/US Dollar	433.1431	410.1744	475.8210	-8.97
MK/GBP	713.7209	667.2637	738.4398	-3.35
MK/ZAR	42.9449	37.3591	41.0210	4.69
MK/EUR	597.2119	522.9574	575.4513	3.78
Import Cover (In Months)	2.13	2.43	3.13	

Source: National Bank of Malawi & Reserve Bank of Malawi

3.2 The year on year headline inflation eased by 2.2 points to 23.7% in November, 2014 from 25.9% in January, 2014 on account of an overall decrease in both food and non-food inflation in the review period.

The urban and rural inflation rates for the month of November, 2014 were 30.3% and 20.2% respectively.

KEY MACROECONOMIC INDICATORS					
	Dec. 2011	Jan. 2013	Dec. 2013	Jan. 2014	Dec. 2014
Inflation Rate	9.8	35.1	23.5	25.9	23.7(Nov)
Policy Rate	13.0	25.0	25.0	25.0	25.0
Prime Rate	22.5	35.0	35.0	40.0	37.0
TB YIELD					
91 Days T-Bill	6.84	24.33	36.47	32.99	26.96
182 Days T-Bill	0.00	24.71	35.92	34.48	26.87
364 Days T-Bill	0.00	0.00	37.93	36.00	27.02

Source: National Statistical Office and Reserve Bank of Malawi