



MALAWI STOCK EXCHANGE

SECOND QUARTER MARKET REPORT

APRIL – JUNE 2008

MALAWI STOCK EXCHANGE
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MALAWI STOCK EXCHANGE LIMITED

MARKET PERFORMANCE REPORT FOR 1st APRIL TO 30th JUNE 2008

1.0 INTRODUCTION

The market continued to register an impressive performance in the second quarter of 2008 as it registered an appreciation in both market trading activity and year to date investment returns compared to the corresponding second quarter of 2007.

YEAR -TO-DATE INDEX LEVEL AND RETURN				
	INDEX LEVEL	YEAR -TO-DATE INDEX RETURN		
		LOCAL CURRENCY	US DOLLAR	
MASI	5582.72	15.11 %	14.96 %	
DSI	4409.31	15.32 %	15.16 %	
TOP FOUR CAPITAL GAINERS IN SECOND QUARTER 2008				
COUNTER	NBS	PIM	SUNBIRD	ILLOVO
CAPITAL GAIN %	40.00	25.00	20.00	13.04
TOP FOUR TRADED COUNTERS BY VOLUME IN SECOND QUARTER 2008				
COUNTER	MPICO	NICO	ILLOVO	FMB
% TRADED	43.35	16.47	7.43	7.26
TOP FOUR TRADED COUNTERS BY VALUE IN SECOND QUARTER 2008				
COUNTER	ILLOVO	PCL	MPICO	OML
% TRADED	34.65	28.18	7.15	6.96

2.0 MARKET PERFORMANCE

2.1 Trade Performance Statistics

From 1st April to 30th June, 2008 a total of 101,048,590 shares were transacted at the market at a total consideration of MK2,693,006,395.20 (US\$19,167,574.40) in 888 trades. In the corresponding period 2007, the market transacted a total of 61,351,112 shares at a total consideration of MK798,628,266.20 (US\$5,687,934.90) in 582 trades. This reflects a 237.2% (236.9% in US Dollar terms) increase in terms of share value and by 64.71% in terms of share volume.

Daily average share trades exhibited similar trends as they were higher than for the corresponding second quarter 2007 period. The average daily turnover for the second quarter 2008 was MK43,435,587.02 (US\$309,154.43) compared with MK12,881,101.07 (US\$91,740.89) for the corresponding second quarter 2007.

The highest sales of shares in terms of both share value and volume were transacted in May at a total consideration of MK1,162,549,846.0 (US\$8,274,370.44) at a total of 41,530,674 shares.

TABLE 1: TRADING SUMMARY FOR 1st APRIL – 30th JUNE 2008

DATE	VOLUME	VALUE (MWK)	VALUE (US\$)
April	25,776,548	919,560,646.40	6,545,336.35
May	41,530,674	1,162,549,846.00	8,274,370.44
June	33,741,368	610,895,902.80	4,347,867.61
2nd Qtr 2008	101,048,590	2,693,006,395.20	19,167,574.40
2nd Qtr 2007	61,351,112	798,628,266.20	5,687,934.90
% CHANGE	64.71	237.20	236.99

2.2 Market Capitalisation and Index

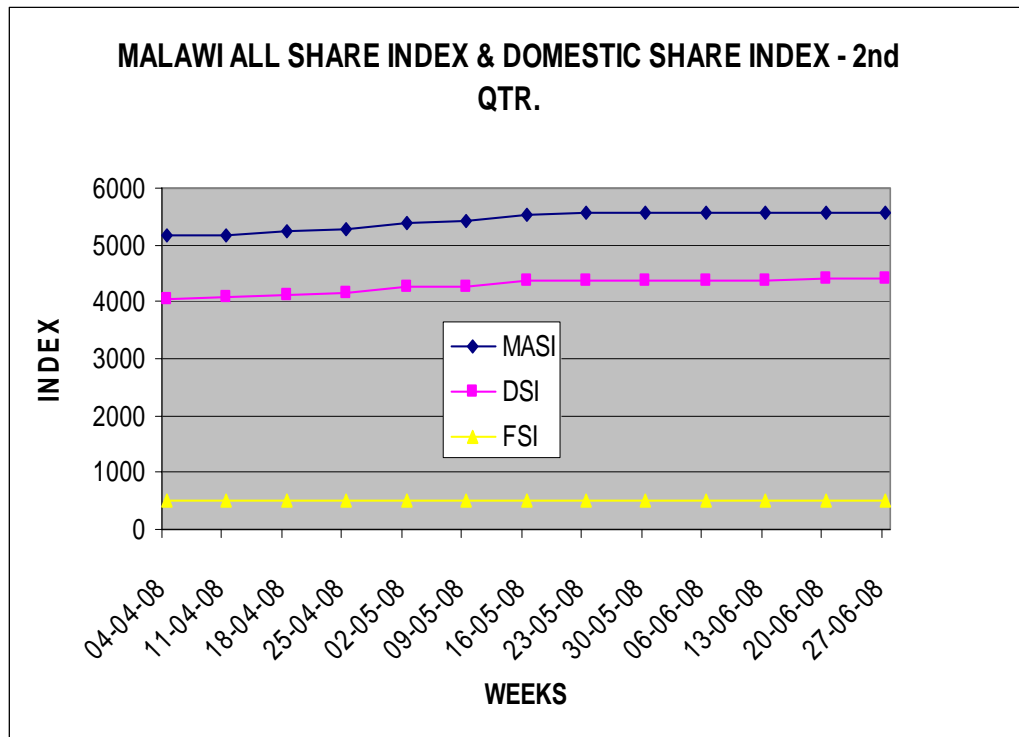
Total market capitalization for all listed stocks was at MK1,780,651.16 billion (US\$12.675 billion) as at the beginning of the second quarter, 2008 and increased to MK1,796.72 billion (US\$12.787.08 billion) as at 30th June 2008. The marginal increase in the market capitalization is due to capital gains in some of the traded counters during the review period.

The Malawi All Share Index (MASI), the index that measures the average price movement of all counters at the Exchange increased from 5153.35 points registered in the month of April to 5582.72 points registered at 30th June 2008, giving a return on index of 8.33 %, (Year to date index return of 15.11%) while in US Dollar terms an index return of 8.31% (YTD return of 14.96 % in US\$ terms). The gains registered in NBS, PIM, SUNBIRD ILLOVO and FMB among others were the major drivers in the increase in both the Malawi All Share Index and Domestic Share Index to the current levels of 5582.72 and 4409.31 points respectively.

Table 2: Market Capitalization and Index – 2nd Quarter 2008

Month Ending	Mkt. Cap. MKm.	Mkt. Cap US\$m	Mkt. Cap. MKm*	Mkt. Cap US\$m*	MASI
April	1,780,651.16	12,675.3157	192,822.48	1,372.5798	5163.35
May	1,773,519.01	12,622.7584	207,994.67	1,480.3712	5558.84
June	1,796,716.69	12,787.0817	208,888.00	1,486.6383	5582.72
2 nd Qtr. 2008	1,796,716.69	12,787.0817	208,888.00	1,486.6383	5582.72
2 nd Qtr. 2007	1,731,770.66	12,313.1412	143,941.97	1,030.5765	3908.86

* 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 5.16% higher than the liquidity ratio of 2.22% registered in second quarter 2007. The ratio of Total Value of Trades to Gross Domestic Product (TVT/GDP) recorded a liquidity level of 1.92 % in the review period while the corresponding period of second quarter 2007 liquidity ratio was at 1.05 %.

Table 3: Market Liquidity – 2nd Quarter 2008

MARKET LIQUIDITY: SECOND QUARTER 2008					
MONTH	Mkt. Cap/GDP	Mkt. Cap/GDP*	TVT/GDP	TVT/Mkt. Cap*	Shares Traded/Shares In Issue* %
Ended	%	%	%	%	%
April	317.46	34.377	0.16394	0.4769	0.368890
May	316.19	37.082	0.20727	0.5589	0.594348
June	320.33	37.242	0.10891	0.2925	0.482875
2nd Qtr. 08	320.33	37.242	1.920	5.157	5.784
2nd Qtr. 07	571.92	47.537	1.055	2.219	4.203
1st Qtr. 08	316.62	33.533	0.181	0.540	0.882

* Excludes non-Malawi register Old Mutual plc shares

2.4 Company Trading Performance

The market recorded trading activity on all counters except, BHL during the review period. Malawi Property Investment Company (MPICO) registered the biggest trading volume of 43,805,888 shares representing 43.35 percent of the total volume of shares traded. While in terms of value, Illovo Sugar Malawi Limited registered the highest trading value of MK933,072,290.00 representing 34.65 %.

The highest price gainer during the review period was NBS Bank limited up by 40.0% from K5.00 to K7.00 per share. Other price gainers were PIM (25.0%), SUNBIRD (20.0%), ILLOVO (13.04%), First Merchant Bank (FMB) (11.11%), MPICO (10.0%), PCL (9.76%), STANDARD Bank (7.94%), NBM (4.92%) and NICO (2.50%). Blantyre Hotels Limited, NITL and OML plc did not register price movements during the review period.

Table 4. Company Trading Statistics

COMPANY TRADING STATISTICS: SECOND QUARTER 2008						
Company	Opening Price(t)	Closing Price(t)	Change in Price(t)	% Price Change	Share Vol. Trade	% Traded
BHL	340	340	0	0.00	0	0.00
FMB	900	1000	100	11.11	7,339,812	7.26
ILLOVO	11500	13000	1500	13.04	7,509,167	7.43
MPICO	400	440	40	10.00	43,805,888	43.35
NBM	6100	6400	300	4.92	1,473,525	1.46
NBS	500	700	200	40.00	6,782,570	6.71
NICO	800	820	20	2.50	16,642,780	16.47
NITL	2600	2600	0	0.00	5,699,231	5.64
PCL	20500	22500	2000	9.76	3,451,842	3.42
PIM	500	625	125	25.00	4,161,182	4.12
STANBIC	6300	6800	500	7.94	1,378,083	1.36
SUNBIRD	750	900	150	20.00	2,353,060	2.33
OML Plc	41500	41500	0	0.00	451,450	0.45
					101,048,590	100.000

3.0 ECONOMIC POSITION

- 3.1 The Malawi Kwacha during the three months period from 1st April to 30th June 2008, moved in value as follows: -

TABLE 2: EXCHANGE RATES: SECOND QUARTER 2008

CURRENCY	END APRIL 2008	END JUNE 2008	% CHANGE
MK/US Dollar	140.4818	140.5103	-0.02
MK/GBP	285.7806	285.688	0.03
MK/ZAR	18.6652	18.3449	1.75
MK/EUR	223.8301	225.3793	-0.69

The Kwacha was firm against most trading currencies as it marginally depreciated by 0.02% against the US Dollar while against the British Pound sterling it appreciated by 0.03%. Against the US Dollar it shifted from its trading position of MK140.4818/US\$ to MK140.5103/US\$ while against the British Pound Sterling the Kwacha traded from K285.7806/GBP to K285.688/GBP. Against the South African Rand, the Kwacha gained in value by 1.75 percent to close at MK18.3449/ZAR. The stability of the kwacha was due to weakness of both the US Dollar and the South African Rand combined with the availability of adequate foreign reserve which were registered at 2.5 months of import cover.

- 3.2 The annual rate of inflation slightly decreased to 7.9% in May 2008 from 8.1% in April 2008. The decrease was largely due to a decrease in the food index during the review period. The urban and rural inflation rates for the month of May was 10.3% and 6.7% respectively.
- 3.3 The 91 days T-Bill yield was 8.87% as at the beginning of April 2008 and slightly increased to 12.16% at the auction held on 27th June 2008. The 182 days T-Bill increased from 8.40% to 9.35% while the 273 days T-Bill increased from 8.94% to 12.56%. The upward trend is likely to continue in the short to medium term due to the intense competition on the limited liquidity arising from capital raising in the equity market and bonds issuance by the Reserve Bank of Malawi.
- 3.4 In the RBM bill market, the yield on the 63 days bill increased from 8.43% to 8.50% while the 91 days bill increased from 8.50% to 9.0% during the period April to June 2008.

KEY MACROECONOMIC INDICATORS					
	June. 2007	Dec. 2007	April 2008	May 2008	June 2008
Inflation Rate	7.7	7.5	8.1	7.9	7.9 (May)
RBM Bank Rate	20.0	15.0	15.0	15.0	15.0
Prime Rate	22.5	21.0	19.58	19.58	19.58
TB YIELD					
91 Days T-Bill	16.50	10.16	8.87	9.86	12.16
182 Days T-Bill	16.42	9.43	8.40	9.11	9.35
271 Days T-Bill	16.90	9.81	8.94	11.99	12.56
RBM BILL YIELD					
63 Days RBM Bill	15.60	8.00	8.43	8.50	8.50
91 Days RBM Bill	14.55	8.48	8.50	9.00	9.00