

## **Daily Stock Market Review – 12 July 2017**

**Edward Rizzo**

Director

Rizzo, Farrugia & Co (Stockbrokers) Limited

### **MSE Share Index drops to 1-week low**

The **MSE Share Index** extended yesterday's decline by a further 0.36% to a one-week low of just above 4,700 points, largely reflecting the declines in the share prices of four large companies by market capitalisation (namely, BOV, HSBC, RS2 and MIA) which outweighed the 0.6% gain in **GO plc** which recaptured the €3.49 level on volumes totalling 15,800 shares. The total value of trades across the equity market fell to €0.22 million today from yesterday's four-day high of €0.35 million.

**Bank of Valletta plc** dropped 1% to the €2.179 level across 18,809 shares. The Bank is scheduled to hold an Extraordinary General Meeting on Thursday 27 July 2017 whereby shareholders will be asked to consider and approve a number of important resolutions regarding the structure of its Board of Directors and the share capital (ahead of a €150 million rights issue).

Also in the retail banking sector, **HSBC Bank Malta plc** retreated by 0.9% to the €2.051 level albeit on insignificant volumes. The Bank is due to reveal its interim financial results on 31 July.

**RS2 Software plc** eased for the third consecutive day as the equity slipped by a further 0.3% to the €1.839 level across 32,000 shares. On Monday, Quattro Processing Services Inc., which is a global FinTech company that specializes in full service payment processing, announced that it signed a strategic alliance agreement with RS2 to offer an end-to-end hosted credit card processing and acquiring technology platform for banks and financial institutions in India. Commenting on the agreement with Quattro, RS2 CEO and Executive Director Mr Radi Abd El Haj said that "*RS2's strategic partnership with Quattro, the first-of-its-kind with any other payments processing company in the world, will enable us to gain entry into the strategically important Indian market and open up multitude of opportunities for us*".

**Malta International Airport plc** eased by 0.2% to the €4.14 level across five deals totalling 9,750 shares. The airport operator is due to reveal its six-month financial performance on 26 July. The Directors will also consider the payment of an interim dividend.

**Malita Investments plc** also performed negatively today with a drop of 1.4% to €0.73 across 20,500 shares.

Meanwhile, **International Hotel Investments plc** and **PG plc** traded unchanged on low volumes. IHI maintained its over twenty-eight-month low of €0.60 whilst PG held on to the €1.30 level. Recently, IHI published an updated Financial Analysis Summary providing the forecasts for the financial year ending 31 December 2017.

On the bond market, the **RF MGS Index** extended yesterday's gains by a further 0.11% to a four-day high of 1,113.990 points as euro zone sovereign yields retreated slightly (bond prices increased) from their recent strong and prolonged rally possibly on renewed concerns about Trump's alleged connections with Russia during the Presidential electoral campaign last year. Also in the US, during her testimony to the House Financial Services Committee, US Fed President Janet Yellen was reported as saying that the Fed remains on track to both raising interest rates further and start shrinking its balance sheet before the

end of the year, despite low inflation. Meanwhile, as widely anticipated, the Bank of Canada hiked interest rates for the first time in nearly seven years, making it the first major central bank to follow the US Federal Reserve in tightening monetary policy.

[www.rizzofarrugia.com](http://www.rizzofarrugia.com)



*Stock markets are volatile and subject to fluctuations which cannot be reasonably foreseen. Past performance is not necessarily indicative of future results.*