

Daily Stock Market Review – 25 August 2017

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HSBC lifts the MSE Share Index higher

The **MSE Share Index** moved higher for the first time in the last four trading sessions as it gained 0.22% to 4,670.540 points, largely reflecting the 2.1% uplift in the share of HSBC which outweighed the small decline in BOV (0.5%) and the 4.2% drop in Santumas Shareholdings. Trading volumes remained subdued as only €0.11 million worth of shares changed hands today. Week-on-week, the Index lost 0.39% mainly due to the 6.1% slump in the share price of FIMBank and the 1.3% drop in BOV.

HSBC Bank Malta plc advanced by 2.1% to the €1.94 level on volumes of 19,800 shares.

The other positive performing equity today was **MaltaPost plc** which advanced by 0.3% to the €1.98 level albeit on just 900 shares.

Malita Investments plc maintained the €0.75 level across 14,500 shares while **Santumas Shareholdings plc** fell 4.2% from its all-time high of €2.245 to the €2.151 level on volumes totalling 14,234 shares.

Bank of Valletta plc extended yesterday decline of 0.5% by another 0.5% to end the week at an eight-day low of €2.12. A total of 15,454 shares traded.

On Wednesday, **RS2 Software plc** and **Medserv plc** issued their respective six-month interim financial results. RS2 posted a pre-tax profit of €2.51 million which is 38% higher than the corresponding period last year. The company also reiterated its strategy of expanding internationally. On the other hand, Medserv reported a pre-tax loss of €3.3 million compared to a marginal profit in the first half of 2016, largely reflecting the difficult operating environment for oil and gas related companies worldwide. Nonetheless, Medserv noted that it is expecting substantial revenue growth for the years 2018 to 2020. This forecast is based on contracted works related to drilling projects and workover programs as well as the penetration into two new geographic markets by 2018.

Yesterday, **International Hotel Investments plc** and **Lombard Bank Malta plc** also revealed their respective six-month financial performance ended 30 June 2017. IHI registered an EBITDA of €27 million (including the consolidation of the Corinthia London Hotel) and a pre-tax loss of €2.3 million. The hotel chain operator noted that the general business outlook for its hotels and catering business remains positive with year-on-year growth forecasted in both turnover and operating profits. Looking ahead, IHI noted that its hotel management arm remains very active as it expects to conclude other hotel management agreements this year, including in the United States and Germany.

Lombard Bank Malta plc registered a 7.6% increase in pre-tax profits to €4.7 million, largely reflecting improved operating income and a notable decline in impairment allowances which were only partially offset by an increase in operational expenses and the one off-gain registered in 2016 and not repeated in 2017 of the sale of shares previously held in Visa Europe. Looking ahead, Lombard expressed its confidence that the current momentum of business growth will deliver a strong earnings performance for the rest of the current financial year ending 31 December 2017.

On the bond market, the **RF MGS Index** suffered its sharpest decline in over a week as it fell by 0.15% to 1,128.470 points. Euro zone sovereign yields increased notably today

as a survey gauging the current business climate in Germany as well as the expectations for the next six months slipped slightly from its record high reached last month but still handsomely surpassed expectations. On the other hand, German Q2 GDP growth was confirmed at +0.6% (largely on the back of strong levels of private consumption) while the pace of increase in import prices in Europe's largest economy fell for the third consecutive month to +1.9% in July from +2.5% in the previous month. Following the gains of 0.6% registered in the previous three weeks, the RF MGS Index lost a minimal 0.04% during the past five days.

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