

## **Daily Stock Market Review – 27 October 2017**

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### **BOV share price surges 8.1%**

Following the notable losses suffered during the previous two trading sessions, the **MSE Equity Price Index** rebounded by 1.15% from its ten-month low of 4,600.373 points to 4,653.372 points today. Trading volumes increased to a three-day high of €0.55 million mostly due to strong activity in the equity of **Bank of Valletta plc** which gained 8.1% to recapture the €2.00 level across 189,445 shares. This morning, BOV published its financial results for the twelve-month period ended 30 September 2017. The Bank registered a 1.3% drop in net interest income largely reflecting tighter interest margins. BOV also reported a 6.7% drop in non-interest income as the growth registered in net fee and commission income (+4.2%) and foreign exchange activities (+2%) were offset by the unfavourable fair value movements and lower net gains made on investment securities. On the expenditure side, total operational costs surged by 6.4% reflecting higher regulatory and compliance costs as well as investments in IT. BOV's results were boosted by a reversal of impairment charges amounting to €7.51 million a much higher contribution from its insurance associate undertakings. Overall, the Group's pre-tax profits stood at €143.9 million which is 21.6% higher than the adjusted pre-tax profits recorded during the previous twelve-month period.

**Simonds Farsons Cisk plc** advanced by 1.9% to a new record high of €9.65 across three deals totalling 1,631 shares.

In contrast, **Malta International Airport plc** eased by 0.2% from its all-time high of €4.80 to the €4.79 level across 14,150 shares.

Also among the large companies by market capitalisation, **RS2 Software plc** moved minimally lower back to the €1.60 level across 46,097 shares whilst **HSBC Bank Malta plc** lost 2.2% to the €1.859 level albeit on trivial volumes.

Low trading activity also took place in the equity of **Medserv plc** which tumbled by 3% to the €1.26 level on 2,500 shares.

In the property segment, **Malta Properties Company plc** dropped by 3.2% to the €0.507 level on a single deal of 37,540 shares.

Meanwhile, **GO plc** (2,654 shares) and **International Hotel Investments plc** (5,876 shares) maintained the €3.59 and €0.61 levels respectively.

**Santumas Shareholdings plc** held on to its all-time high of €2.25 across 1,830 shares.

The **RF MGS Index** moved higher for the first time in the last three days as it surged by 0.23% from a near three-week low of 1,119.329 points to a one-week high of 1,121.910 points. Euro zone sovereign yields slumped (bond prices gained) following the outcome of the European Central Bank's monetary policy meeting held yesterday. The ECB extended its quantitative easing programme by nine months to September 2018 but at reduced monthly bond purchases of €30 billion from the current level of €60 billion. The central bank also left its deposit facility rate at negative 0.4%. Overall, although the ECB gave a relatively rosy picture of the underlying dynamics underpinning the economic recovery within the single currency area, ECB President Mario Draghi acknowledged that inflationary "pressures are still muted ... and the economic outlook and the path of inflation remain

*conditional on continued support from monetary policy. Therefore, an ample degree of monetary stimulus remains necessary".* Meanwhile, fresh economic data in the US showed that the US economy grew by a much-better-than-expected annualised rate of 3% during the third quarter of 2017, thus increasing the chances that the Federal Reserve will raise interest rates again during the monetary policy meeting scheduled for mid-December 2017.

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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.*