

Local Stock Market Report for the period 8 – 12 January 2018

HIGHLIGHTS

- Trading in BOV continues to lead activity on the MSE
- RF MGS Index posts 5-week negative streak
- Most corporate bonds trade unchanged

Trading in BOV continues to lead activity on the MSE

This week marked the first full week of the year for trading on the local *Borza* and the **MSE Equity Price Index** lost 0.54% to 4,476.689 points, largely reflecting the drops in the share prices of Simonds Farsons Cisk plc (-5.3%) and International Hotel Investments plc (-3.9%). The Index trended lower every day except for Wednesday when it registered a minimal gain of 0.04%. Moreover, just over half of the total value of equities traded this week took place in the equity of **Bank of Valletta plc** which recaptured the €1.82 level (+1.1%) across 421,051 shares.

Also among the large companies by market capitalisation, **Malta International Airport plc** advanced by 2.1% to regain its all-time high of €4.80 on volumes totalling 15,039 shares. On Friday, MIA revealed that it registered a 17.5% increase in passenger movements in 2017 to a record of 6.01 million movements after posting double-digit growth in each month last year. The airport operator also provided its 2018 forecasts. These show that MIA is expecting to welcome around 6.5 million passengers (representing a growth of between 7% and 9% over 2017), largely on the back of the introduction of 16 new summer routes. As a result, MIA is anticipating to generate an EBITDA of over €52 million which should translate into a net profit of over €28 million. Further details are available [here](#).

Mapfre Middlesea plc gained 1.1% to the €1.84 level on five deals totalling 10,610 shares.

The other positive performing equities this week were **Medserv plc** and **Malita Investments plc**. Medserv moved 0.9% higher to the €1.16 level across 5,870 shares whilst Malita climbed 1.2% to an eleven-month high of €0.825 on a total of 42,200 shares.

In contrast, the equity of **Simonds Farsons Cisk plc** tumbled by 5.3% (reflecting a drop of €13.5 million in market capitalisation) to its lowest level in over four months of €8.05 across only 1,598 shares.

International Hotel Investments plc lost 3.9% to the €0.615 level on volumes totalling 31,605 shares.

RS2 Software plc (16,289 shares) and **GO plc** (8,335 shares) also trended lower this week with a drop of 2.6% and 1.1% to the €1.49 and €3.52 levels respectively. On Friday, GO announced that further to the Board of Directors' decision in October 2016 not to participate in the convertible bond issue of Forthnet S.A., its shareholding in Forthnet has now been diluted to 15.19% of Forthnet's total issued share capital from 22.605% prior to the conversion of part of the convertible bonds.

The share prices of the three property-related companies of MPC, MIDI and Plaza also ended the week in negative territory. The worst performer among these three equities was **Malta Properties Company plc** which retracted by 1.4% to the €0.434 level across 41,404 shares.

MIDI plc shed 2.9% to the €0.34 level on six deals totalling 307,050 shares and **Plaza Centres plc** eased by 0.9% back to the €1.10 level albeit on just 1,000 shares.

On Friday, the equity of **MaltaPost plc** traded first the first time since turning ex-dividend last Monday and it dropped by 3.8% to the €2.04 level on trivial volumes.

On the Alternative Companies List, **Loqus Holdings plc** plunged by 14.3% to the €0.15 level on insignificant volumes.

Meanwhile, **HSBC Bank Malta plc** (88,304 shares) and **FIMBank plc** (8,500 shares) maintained the €1.76 and USD0.69 levels respectively. HSBC is due to publish its 2017 financial results on 20 February 2018. The Directors will also consider the declaration of a dividend to be recommended to shareholders during the Annual General Meeting to be held on 12 April 2018.

PG plc retained the €1.40 level across 30,170 shares.

RF MGS Index posts 5-week negative streak

The **RF MGS Index** trended in negative territory for the fifth consecutive week as it slipped by a further 0.26% to 1,113.8 points. Overall, it was a very negative week for international bond markets as various developments drove yields markedly higher. In fact, the 10-year benchmark German Bund yield rose to an over five-month high of 0.54% today compared to 0.432% last Friday

before retreating minimally. Similarly, the 10-year US Treasury yield recorded a ten-month high of 2.597% and the UK 10-year Treasury yield rose to a near six-week high of 1.331%.

Bond prices came under heavy downward pressure as the more synchronised global economic recovery is now forcing investors to think that the world's major central banks have very little room left for prolonging loose monetary policy further. In this respect, the declarations of two influential bond strategists – Bill Gross and Jeffrey Gundlach – warning that bond markets may be about to enter a new era following the numerous monetary policy stimulus programmes implemented across various countries in recent years coincided with a surprise cut in purchases of long-dated government bonds by the Bank of Japan as well as speculation that China may start reducing the amount of purchases of US Treasuries.

In addition to the above, prices of various commodities continued to add to their recent gains, thus increasing expectations for higher inflation in the future and, as a result, exerting downward pressure on bond prices. In particular, the price of Brent oil temporarily surpassed the USD70 mark this week – the highest level in three years.

Within the single currency area, bond prices were also driven lower by the publication of further positive economic data (for instance business and consumer confidence rose to the highest level since late 2000 and the unemployment rate fell to a fresh nine-year low of 8.7%) as well as the publication of the minutes of the most recent European Central Bank monetary policy meeting. The minutes hinted that the ECB might end its quantitative easing programme in September 2018 amid a *"solid, broad-based and increasingly self-sustaining economic expansion."* On the other hand, however, the minutes also warned that *"underlying price pressures remained muted overall and had yet to show convincing signs of a sustained upward trend"*. Such conflicting messages make it more difficult for market analysts to anticipate the monetary policy moves to be adopted by the ECB in the coming months.

Most corporate bonds trade unchanged

The **RF Malta Corporate Bond Index** lost 0.2% to 1,060.195 points during the past five trading sessions, reflecting the declines in the bonds issued by **Gap Group plc** (-85 basis points), **SD Finance plc** (-5 basis points) and **Von der Heyden Group Finance plc** (-2 basis points) which outweighed the gains in three other corporate bonds. Meanwhile, 25 bonds ended the week flat.

The most actively traded corporate bonds were the **3.75% Virtu Finance plc 2027** (€0.19 million nominal), the **5.35% BOV plc 2019** (€0.12 million nominal) and the **3.5% BOV plc 2030 S1T1** (€0.11 million nominal). All three bonds maintained the same levels as last Friday, with the Virtu paper holding on to 102%, whilst the two BOV bonds retained the 102.8% and par (100%) levels respectively.



ANNOUNCEMENTS

12 January 2018	Malta International Airport plc – 2017 Traffic Results & Forecast for 2018 http://rizzofarrugia.com/news-events/2018/2017-traffic-results-forecast-for-2018-mia1801/
12 January 2018	GO plc – Shareholding in Forthnet S.A. http://rizzofarrugia.com/news-events/2018/shareholding-in-forthnet-s-a-go1801/

FINANCIAL ARTICLES

Article 520 / Weekly	RF MGS Index in first annual decline since 2011 http://rizzofarrugia.com/financial-articles/weekly/rf-mgs-index-in-first-annual-decline-since-2011/ <i>An article by Edward Rizzo analysing the main highlights of the local Government stock market in 2017.</i>
----------------------	--

UPCOMING EVENTS

25 January 2017	European Central Bank – Monetary Policy Meeting
30 January 2017	Trident Estates plc – Listing of Shares Loqus Holdings plc – Annual General Meeting
31 January 2017	US Federal Reserve – Monetary Policy Meeting

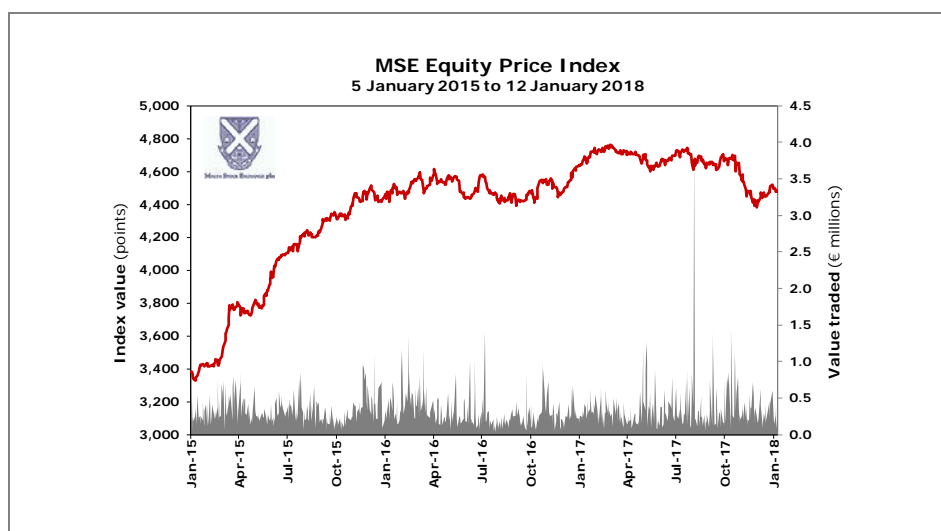


EQUITY MARKET

	No. of shares traded	Market Value (€)	No of Deals	Closing Price (€) 12.01.18	Closing Price (€) 05.01.18	Change in Closing Price (%)	Last Trade Date
OFFICIAL LIST							
Bank of Valletta plc	421,051	758,626	129	1.820	1.800	1.11%	(12.01)
HSBC Bank Malta plc	88,304	155,936	35	1.760	1.760	N/C	(12.01)
Malta Int. Airport plc	15,039	71,776	11	4.800	4.700	2.13%	(11.01)
Int. Hotel Inv. Plc	31,605	19,814	6	0.615	0.640	-3.91%	(23.11)
GO plc	8,335	29,253	8	3.520	3.560	-1.12%	(12.01)
RS2 Software plc	16,289	24,518	6	1.490	1.530	-2.61%	(15.12)
FIMBank plc (USD)	8,500	4,887	2	0.690	0.690	N/C	(14.12)
Simonds Farsons Cisk plc	1,598	13,289	4	8.050	8.500	-5.29%	(12.01)
Mapfre Middlesea plc	10,610	19,340	5	1.840	1.820	1.10%	(10.11)
PG plc	30,170	42,238	9	1.450	1.450	N/C	(12.01)
Malita Investments plc	42,200	34,562	5	0.825	0.815	1.23%	(27.11)
Lombard Bank Malta plc				2.300	2.300		(24.11)
Medserv plc	5,870	6,809	2	1.160	1.150	0.87%	(27.10)
MaltaPost plc	687	1,401	1	2.040	2.120	-3.77%	(24.10)
MIDI plc	307,050	105,252	6	0.340	0.350	-2.86%	(12.01)
Tigné Mall plc				1.089	1.089		(24.10)
Malta Properties Company plc	41,404	18,061	6	0.434	0.440	-1.36%	(11.01)
Pefaco International plc				2.240	2.240		(17.02)
Plaza Centres plc	1,000	1,100	1	1.100	1.110	-0.90%	(25.10)
Grand Harbour Marina plc				0.763	0.763		(13.10)
GlobalCapital plc				0.320	0.320		(19.10)
Santumas Shareholdings plc				1.500	1.500		(27.10)
ALT. COMPANIES LIST							
Loqus Holdings plc	18,900	2,835	3	0.150	0.175	-14.29%	(10.08)
TOTALS	1,048,612	1,309,699	239				

MSE SHARE INDEX AT 4,476.689 POINTS

CALENDAR YEAR TO DATE PERFORMANCE: -3.33%



MSE Share Index	
1 month	+0.14%
3 months	-4.24%
6 months	-4.47%
1 year	-4.19%
2 years	+1.41%
3 years	+34.42%
5 years	+40.18%

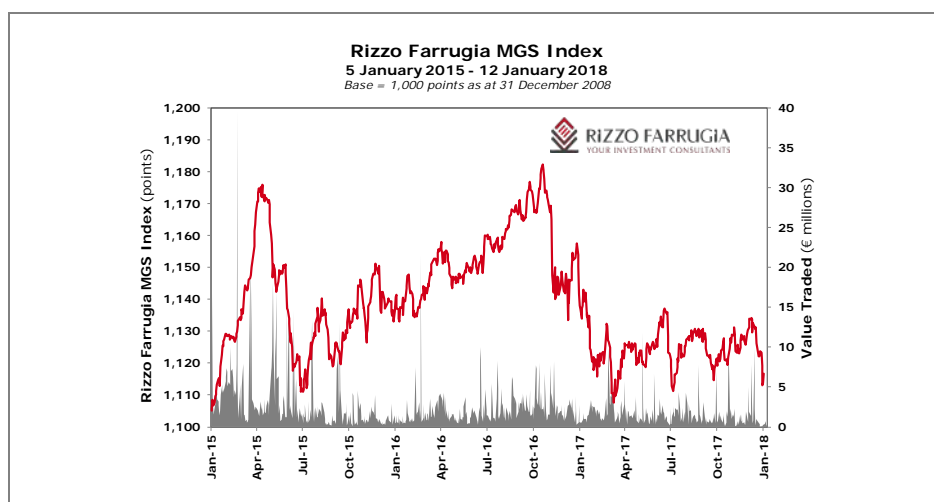


MALTA GOVERNMENT STOCKS

Security	Last Trade Price (€) 12.01.18		Last Trade Price (€) 05.01.18		Change	No. of deals	Volume (Nominal)	Market Value (€)
SHORT-TERM								
7.8% 2018	106.44	(15.04)	106.44	(15.04)	N/C	1	2,330	2,421
FR% 2018 (IV)	99.33	-	99.33	-				
3.85% 2018 (V)	102.41	(11.04)	102.41	(11.04)				
FR% 2018 (VI)	100.09	-	100.09	-				
FR% 2018 (VII)	100.45	-	100.45	-				
6.6% 2019 (I)	113.31	(22.04)	113.31	(22.04)				
3.0% 2019 (III)	106.35	(15.04)	106.35	(15.04)				
FR% 2019 (IV)	100.31	-	100.31	-				
3.2% 2019 (V)	107.91	(16.04)	107.91	(16.04)				
FR% 2019 (VI)	100.58	-	100.58	-				
5.2% 2020 (I)	114.43	(23.04)	114.43	(23.04)				
4.6% 2020 (II)	112.04	(21.04)	112.04	(21.04)	N/C	2	50,000	55,195
3.35% 2020 (IV)	105.06	-	105.06	-				
2.0% 2020 (V)	106.20	(15.04)	106.20	(15.04)				
FR% 2020 (VI)	100.00	-	100.00	-				
MEDIUM-TERM								
5.0% 2021	117.15	(12.01)	117.38	(05.01)	-0.23	11	111,093	130,423
4.3% 2022 (II)	119.07	(02.11)	119.07	(02.11)	N/C	3	50,000	58,974
5.1% 2022	123.70	(01.12)	123.70	(01.12)	N/C	4	69,417	85,177
1.5% 2022 (IV)	106.21	(22.09)	106.21	(22.09)				
5.5% 2023	129.32	(01.11)	129.32	(01.11)	N/C	5	33,779	43,137
1.4% 2023 (III)	105.50	(22.09)	105.50	(22.09)				
3.3% 2024 (I)	118.68	(14.12)	118.68	(14.12)	N/C	3	74,000	87,293
LONG-TERM								
1.5% 2027 (I)	102.59	(04.10)	102.59	(04.10)				
1.5% 2027 (I) FI	103.50	(29.08)	103.50	(29.08)				
4.8% 2028 (I)	135.13	(02.11)	135.13	(02.11)				
4.5% 2028 (II)	131.20	(10.01)	131.17	(05.01)	0.03	4	41,600	54,712
5.1% 2029 (I)	140.12	(16.11)	140.12	(16.11)				
2.3% 2029 (II)	108.57	(12.01)	109.00	(05.01)	-0.43	4	55,500	60,604
5.25% 2030	142.11	(09.01)	141.67	(05.01)	0.44	1	98,500	139,978
5.2% 2031	143.20	(09.01)	142.00	(03.01)	1.20	1	26,000	37,232
4.65% 2032 (I)	137.30	(08.01)	137.02	(05.01)	0.28	1	800	1,098
4.45% 2032 (II)	137.29	(19.12)	137.29	(19.12)	N/C	5	43,000	57,680
4.3% 2033 (I)	136.05	(19.12)	136.05	(19.12)	N/C	5	69,500	92,764
4.1% 2034 (I)	131.35	(12.01)	131.90	(05.01)	-0.55	6	62,900	82,662
2.2% 2035 (I)	105.94	(19.12)	105.94	(19.12)				
2.5% 2036 (I)	107.80	(12.01)	107.76	(05.01)	0.04	7	166,300	179,195
2.1% 2039 (I)	102.00	(11.01)	101.00	(05.01)	1.00	17	312,600	317,923
3.0% 2040 (I)	115.13	(12.01)	115.15	(05.01)	-0.02	10	87,800	101,429
2.40% 2041 I	104.55	(09.01)	104.55	(05.01)	N/C	5	45,000	47,048
TOTALS						95	1,400,119	1,634,944

RF MGS INDEX AT 1,113.800 POINTS

CALENDAR YEAR TO DATE PERFORMANCE: -0.48%



RF MGS Index	
1 month	-1.76%
3 months	-0.86%
6 months	-0.02%
1 year	-2.57%
2 years	-1.78%
3 years	+0.57%
5 years	+10.52%



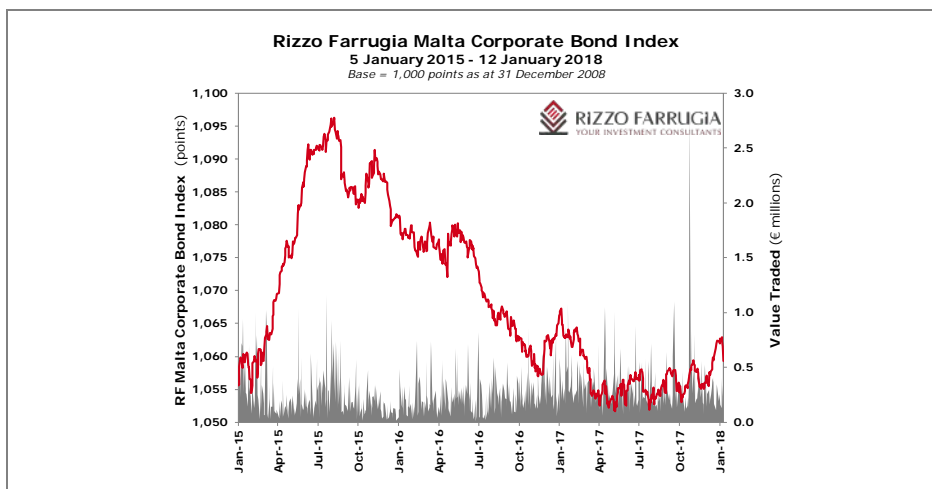
CORPORATE BONDS – OFFICIAL LIST

Security	Last Trade Price (€) 12.01.18		Last Trade Price (€) 05.01.18		Change	No. of deals	Volume (Nominal)	Market Value (€)
5.9% HSBC Bank Malta 2018	102.50	(01.12)	102.50	(01.12)				
4.8% BOV plc 2018	101.00	(12.12)	101.00	(12.12)				
5.35% BOV plc 2019	102.80	(30.10)	102.80	(30.10)	N/C	4	124,100	125,982
7.5% MeDirect Bank plc EUR 2019	107.50	(31.10)	107.50	(31.10)				
7.5% MeDirect Bank plc GBP 2019	103.01	(05.04)	103.01	(05.04)				
4.25% BOV plc 2019 Series 2	103.75	(31.10)	103.75	(31.10)				
4.8% BOV plc 2020	102.80	(09.01)	102.80	(03.01)	N/C	1	31,400	32,279
5.5% Pendergardens Dev plc 2020	104.11	(06.11)	104.11	(06.11)				
5.5% MIH 2020	103.50	(03.11)	103.50	(03.11)				
4.9% Gasan Finance 2019-21	103.00	(10.11)	103.00	(10.11)				
5.8% IHI plc 2021	106.25	(30.10)	106.25	(30.10)				
5.75% CBC plc 2021 S1T1	104.00	(31.10)	104.00	(31.10)				
5.0% GlobalCapital plc 2021	99.40	(21.12)	99.40	(21.12)	N/C	3	85,000	84,315
6% Corinthia Fin. 2019-22	103.50	(25.10)	103.50	(25.10)				
6% Pendergardens Dev plc 2022	106.10	(02.11)	106.10	(02.11)	N/C	1	4,700	5,076
6% Medserv plc 2020-23	107.00	(28.11)	107.00	(28.11)				
6% MIH plc 2021	102.30	(24.11)	102.30	(24.11)				
5% MIH plc 2022	103.35	(24.11)	103.35	(24.11)	N/C	2	3,500	3,614
4.25% GAP plc 2023	102.15	(08.01)	103.00	(05.01)	-0.85	2	7,000	7,177
5.8% IHI plc 2023	105.00	(27.10)	105.00	(27.10)				
5.3% United Finance plc 2023	105.01	(17.10)	105.01	(17.10)				
6.0% IHI plc 2024	105.49	(12.12)	105.49	(12.12)	N/C	3	10,800	11,647
6.0% AX Investments plc 2024	112.70	(15.12)	112.70	(15.12)	N/C	2	29,900	33,042
5.3% Mariner Finance plc 2024	106.50	(11.12)	106.50	(11.12)	N/C	1	6,500	6,986
5.0% Tumas Investments plc 2024	107.00	(16.11)	107.00	(16.11)				
5% Hal Mann Vella Group plc 2024	105.25	(04.01)	105.25	(04.01)				
6.0% MeDirect Bank plc plc EUR 2019-24	104.25	(06.11)	104.25	(06.11)	N/C	1	15,000	15,608
6.0% MeDirect Bank plc plc GBP 2019-24	104.00	(26.10)	104.00	(26.10)				
5.1% 1923 Investments plc 2024	103.50	(15.12)	103.50	(15.12)	N/C	4	16,800	17,465
4.4% Von der Heyden Group Fin plc 2024	99.85	(12.01)	99.87	(05.01)	-0.02	7	36,000	35,947
4.5% Izola Bank plc 2025	106.00	(09.11)	106.00	(09.11)	N/C	1	7,000	7,420
5.75% IHI plc 2025	107.50	(14.12)	107.50	(14.12)	N/C	5	24,200	25,370
5.1% 6PM Holdings plc 2025	106.50	Susp.	106.50	Susp.				
4.5% Hili Properties plc 2025	103.01	(20.12)	103.01	(20.12)	N/C	11	89,900	93,500
5.25% CBC plc 2025 S2T1	105.00	(08.11)	105.00	(08.11)	N/C	1	7,000	7,350
4.50% Medserv plc 2026	104.10	(05.12)	104.10	(05.12)				
5.75% Medserv plc USD 2026	103.51	(22.09)	103.51	(22.09)				
4.25% Corinthia Finance plc 2026	102.03	(15.11)	102.03	(15.11)	N/C	6	50,500	51,948
4.0% MIDI plc 2026	103.24	(12.01)	103.00	(05.01)	0.24	6	61,000	62,624
4.0% IHI plc Secured 2026	103.00	(12.01)	102.52	(05.01)	0.48	9	68,400	70,264
4.0% IHI plc Unsecured 2026	102.40	(26.10)	102.40	(26.10)	N/C	1	13,000	13,390
3.9% Plaza Centres plc 2026	101.15	(25.09)	101.15	(25.09)				
5.0% Dizz Finance plc 2026	106.50	(24.10)	106.50	(24.10)				
4.8% Med Maritime Hub plc 2026	105.00	(20.12)	105.00	(20.12)	N/C	1	11,000	11,385
3.75% Premier Capital plc 2026	102.50	(12.01)	102.50	(05.01)	N/C	7	33,800	34,616
4.35% SD Finance plc 2027	103.45	(11.01)	103.50	(05.01)	-0.05	8	58,200	60,208
4% Eden Finance plc 2027	103.49	(27.11)	103.49	(27.11)	N/C	4	21,300	22,112
3.75% Tumas Investments plc 2027	104.50	(30.11)	104.50	(30.11)	N/C	1	7,000	7,246
4.4% CBC plc 2027 S1T1	101.50	(01.11)	101.50	(01.11)				
4.5% Grand Harbour Marina plc 2027	104.50	(17.11)	104.50	(17.11)	N/C	1	5,000	5,275
3.50% Simonds Farsons Cisk plc 2027	104.63	(07.12)	104.63	(07.12)	N/C	5	9,800	10,385
5.0% MeDirect Bank plc EUR 2022-2027	102.00	(01.12)	102.00	(01.12)				
5.0% MeDirect Bank plc GBP 2022-2027	100.00	-	100.00	-				
4.0% Stivala Group Fin plc Secured 2027	102.80	(12.01)	102.10	(05.01)	0.70	6	29,000	29,797
3.75% Bortex Group Finance plc 2027	100.25	(21.12)	100.25	(21.12)	N/C	5	29,000	29,685
3.75% Virtu Finance plc 2027	102.00	(21.12)	102.00	(21.12)	N/C	9	186,900	192,177
3.5% BOV plc 2030 S1T1	100.00	(10.11)	100.00	(10.11)	N/C	5	105,000	105,063
3.5% BOV plc 2030 S2T1	97.00	(22.11)	97.00	(22.11)				
TOTALS						123	1,187,700	1,218,949



RF MALTA CB INDEX AT 1,060.195 POINTS

CALENDAR YEAR TO DATE PERFORMANCE: -0.24%



RF MGS Index	
1 month	+0.20%
3 months	+0.52%
6 months	+0.53%
1 year	-0.27%
2 years	-1.70%
3 years	+0.09%
5 years	+2.80%

Disclaimer

This report was produced by Edward Rizzo, Director, Rizzo, Farrugia & Co. (Stockbrokers) Ltd ("Rizzo Farrugia"). Rizzo Farrugia are members of the Malta Stock Exchange and licensed to conduct Investment Services business by the Malta Financial Services Authority.

The report contains public information only and is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the report. Rizzo Farrugia is under no obligation to update or keep current the information contained herein. Since the buying and selling of securities by any person is dependent on that person's financial situation and an assessment of the suitability and appropriateness of the proposed transaction, no person should act upon any recommendation in this report without first obtaining investment advice.

Rizzo Farrugia, its directors, the author of this report, other employees or clients may have or have had interests in the securities referred to herein, and may at any time make purchases and/or sales in them as principal or agent. Furthermore, Rizzo Farrugia may have or have had a relationship with or may provide or has provided other services of a corporate nature to companies herein mentioned.

Stock markets are volatile and subject to fluctuations which cannot be reasonably foreseen. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security mentioned in this report. Neither Rizzo Farrugia, nor any of its directors or employees accepts any liability for any loss or damage arising out of the use of all or any part of this report.

Additional information can be made available upon request from Rizzo, Farrugia & Co. (Stockbrokers) Ltd., Airways House, Fourth Floor, High Street, Sliema SLM 1551. Telephone: +356 2258 3000; Email: info@rizzofarrugia.com; Website: www.rizzofarrugia.com

© 2018 Rizzo, Farrugia & Co. (Stockbrokers) Ltd. All rights reserved. This report may not be reproduced or redistributed, in whole or in part, without the written permission of Rizzo Farrugia. Moreover, Rizzo Farrugia accepts no liability whatsoever for the actions of third parties in this respect.