Local Stock Market Report for the period 24 – 28 September 2018

HIGHLIGHTS

- Positive sentiment lifts the MSE Equity Price Index to its highest level in 7-weeks
- RF MGS Index posts 3-week negative streak to a new 4-year low
- Activity in local corporate bonds drops to its lowest level in 4 months

Positive sentiment lifts the MSE Equity Price Index to its highest level in 7-weeks

The **MSE Equity Price Index** extended last week's gains by a further 0.48% to a seven-week high of 4,383.395 points as several equities (including GO, MIA, IHI, FIMBank and Farsons) performed strongly. Furthermore, trading volumes increased notably to an eight-week high of €2.74 million on buoyant activity in various equities.

GO plc extended last week's gains of 1.7% by a further 1.1% to its highest level in twelve years of €3.64 across 56,795 shares.

Also among the large companies, **Malta International Airport plc** regained its all-time high of €6.05 (+1.7%) on activity totalling 32,167 shares.

Simonds Farsons Cisk plc surged by nearly 5% to an eight-month high of €7.70 on heightened activity totalling 32,499 shares. On Tuesday, the equity started trading without the entitlement to a net interim dividend of €0.0333 per share. The dividend is payable on 10 October.

FIMBank plc advanced by 4.1% to a seven-month high of USD0.63 across 88,213 shares whilst **Santumas Shareholdings plc** climbed 6.8% to a three-month high of €1.41 on four deals totalling 16,000 shares.

International Hotel Investments plc added 2.4% to recapture the €0.645 level albeit on just 8,660 shares.

The other positive performing equities this week were **Malta Properties Company plc** and **Main Street Complex plc**. MPC advanced by 2.9% to an over three-month high of €0.525 across 31,200 shares whilst the equity of Main Street Complex resurfaced above its IPO price of €0.65 as it rebounded by 1.6% to the €0.655 level on 10,200 shares.

In contrast, both **Plaza Centres plc** and **Tigne' Mall plc** ended sharply lower this week. Plaza lost 3.8% back to the €1.00 level across 92,500 shares whilst six deals totalling 40,333 shares forced the equity of Tigne' Mall 3% lower to the €0.96 level.

Bank of Valletta plc resumed its downward trend as it slipped by 2% to the €1.45 level after partially recovering from a fresh six-year low of €1.44. A total of 305,869 shares changed hands.

BOV's insurance associate – **Mapfre Middlesea plc** – also performed negatively this week with a drop of 0.5% to the €1.83 level on heightened activity totalling 208,036 shares.

RS2 Software plc moved back to the €1.18 level (-1.7%) across 36,523 shares. Last week, the company announced the formation of the Board of Directors of its subsidiary in North America (namely RS2 Software Inc) in which it holds an equity stake of 64.2%. The Board of Directors will be composed of eight members, four of whom are new appointments with vast experience in the fields of digital payments, fintech and related regulatory framework.

Following the gains in the previous two weeks, the equity of **MaltaPost plc** shed 2.4% back to the €1.65 level on activity totalling 56,450 shares.

Meanwhile, **PG plc** retained its 2018 high of €1.40 across 167,182 shares.

HSBC Bank Malta plc held on to the €1.75 level on strong volumes totalling 326,813 shares after recovering from an intra-week low of €1.72.

Trident Estates plc maintained the €1.34 level on six deals totalling 40,205 shares. On Wednesday, Trident reported a marginal loss of €0.01 million in the six-month period ended 31 July 2018. Trident also noted that the Trident Park project is proceeding as planned and it is expected that the first tenants would be ready to move in at the start of 2021. Further details are available here.

Within the same segment, **MIDI plc** and **Malita Investments plc** also closed the week flat at €0.565 and €0.87 respectively albeit on light volumes.

Low trading activity also took place in the equity of **GlobalCapital plc** which retained its all-time low of €0.256.

Two deals totalling 14,879 shares left the equity of **Lombard Bank Malta plc** at its 2018 high of €2.42.

RF MGS Index posts 3-week negative streak to a new 4-year low

The **RF MGS Index** trended lower for the third consecutive week as it declined by a further 0.7% to a fresh four-year low of 1,084.385 points.

Prices of short-to-medium term Malta Government Stocks ("MGS") moved lower this week whilst those at the longer end of the yield curve (i.e. MGS with maturities of fifteen years and over) posted gains. As a result, the MGS yield curve flattened slightly during the past five days, in line with developments taking place in eurozone bond markets amid expectations that the European Central Bank ("ECB") is now getting closer to bring its Asset Purchase Programme ("APP") to an end.

In fact, during a hearing of the Committee on Economic and Monetary Affairs of the European Parliament which took place on Monday, ECB President Mario Draghi spoke at length about progress in inflation within the single currency area. In his speech, Mr Draghi noted that "underlying inflation is expected to increase further over the coming months as the tightening labour market is pushing up wage growth." Moreover, ECB projections now foresee core inflation reaching 1.8% in 2020 (which is in line with the central bank's inflation target of close to 2%), largely on the back of "a relatively vigorous pick-up in underlying inflation".

In contrast, fresh preliminary data issued on Friday showed that core inflation in the eurozone stood at 0.9% year-on-year in September. This was lower than the expected rate of 1.1% and also inferior to the reading of 1% for the previous month. On the other hand, the preliminary rate of inflation when including volatile items such as energy, food and tobacco improved to its multi-year high of 2.1% from 2%, in line with previous estimates.

Similarly, fresh preliminary inflationary data in Germany was equally encouraging as the harmonised index of consumer prices recaptured its multi-year high of 2.2% year-on-year, beating analysts' estimate of 2% as well as the previous month's reading of 1.9%.

Moreover, the unemployment rate in Germany reached a fresh record low of 5.1%. Additionally, fresh readings of indices gauging the level of confidence amongst businesses in September showed that although this remains well below the level at the start of the year, it still fared better than expectations.

The other major developments which contributed towards heightened volatility in bond prices this week were the interest rate hike by the US Federal Reserve (the third increase for this year) as well as renewed concerns over Italy's fiscal position following the enactment of a more aggressive budget deficit than investors had previously anticipated. As such, although Malta has much better credit ratings than Italy, changes in the yields of Italian government paper have a notable bearing on changes in MGS. In fact, prices of MGS moved sharply lower this morning as Italian bond yields spiked (prices of Italian government bonds tumbled) whilst the yields of most other euro-member countries trended lower.

Activity in local corporate bonds drops to its lowest level in 4 months

The **RF Malta Corporate Bond Index** added to last week's gains and remained above 1,066 points, largely driven by the price increases in the **5.1% 1923 Investments plc 2024** (+142 basis points) and the **4.9% Gasan Finance plc 2019/21** (+69 basis points), whilst a further five corporate bonds gained around 50 basis points. On the other hand, the **4% MIDI plc 2026** (-60 basis points), the **5% GlobalCapital plc 2021** and the **7.5% MeDirect Bank plc 2019** (-50 basis points) featured amongst the worst performing corporate bonds this week. Overall trading activity was weak during the past five days as only €1.29 million worth of corporate bonds changed hands – the lowest level since mid-May 2018.

ANNOUNCEMENTS

26 September 2018	**Trident Estates plc - Interim Results**

FINANCIAL ARTICLES

Article 557 / Weekly	**The status of the MGS market** *An article by Edward Rizzo analysing the most recent developments taking place in the market for local Government bonds.*

Article 17 / Monthly	**The Audit Committee** *An article by Doreanne Caruana explaining the role of the Audit Committee for locally listed companies.*

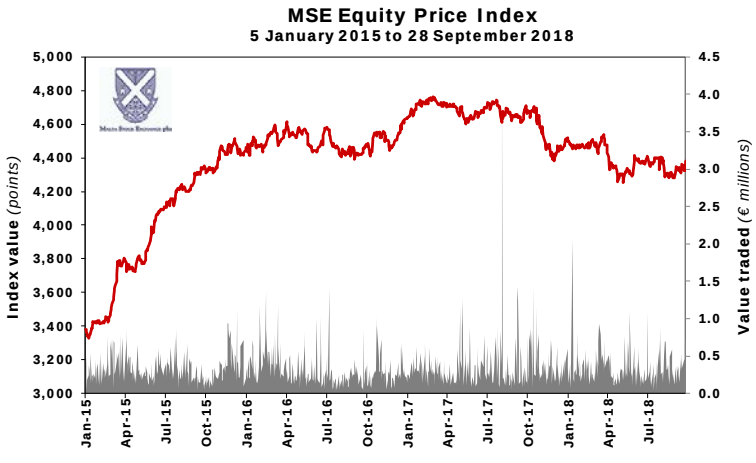
UPCOMING EVENTS

10 October 2018	**Simonds Farsons Cisk plc** – Dividend Payment Date
23 October 2018	**Santumas Shareholdings plc** – Annual General Meeting
25 October 2018	**European Central Bank** – Monetary Policy Meeting
1 November 2018	**Bank of England** – Monetary Policy Meeting
8 November 2018	**US Federal Reserve** – Monetary Policy Meeting

EQUITY MARKET

	No. of shares traded	Market Value (€)	No of Deals	Closing Price (€) 28.09.18	Closing Price (€) 20.09.18	Change in Closing Price (%)	Last Trade Date
OFFICIAL LIST							
Bank of Valletta plc	305,869	444,227	80	1.450	1.480	-2.03%	(28.09)
HSBC Bank Malta plc	326,813	562,453	23	1.750	1.750	N/C	(28.09)
Malta Int. Airport plc	32,167	193,796	23	6.050	5.950	1.68%	(28.09)
Int. Hotel Inv. Plc	8,660	5,530	4	0.645	0.630	2.38%	(28.09)
GO plc	56,795	204,554	12	3.640	3.600	1.11%	(28.09)
RS2 Software plc	36,523	43,540	6	1.180	1.200	-1.67%	(25.09)
FIMBank plc (USD)	88,213	45,772	8	0.630	0.605	4.13%	(28.09)
Simonds Farsons Cisk plc	32,499	249,551	10	7.700	7.350	4.76%	(28.09)
Mapfre Middlesea plc	208,036	380,755	7	1.830	1.840	-0.54%	(28.09)
PG plc	167,182	233,163	19	1.400	1.400	N/C	(28.09)
Malita Investments plc	14,060	12,226	3	0.870	0.870	N/C	(25.09)
Lombard Bank Malta plc	14,879	36,007	2	2.420	2.420	N/C	(27.09)
Medserv plc				1.090	1.090		(07.09)
MaltaPost plc	56,450	93,014	6	1.650	1.690	-2.37%	(27.09)
MIDI plc	11,000	6,213	4	0.565	0.565	N/C	(25.09)
Tigné Mall plc	40,333	38,551	6	0.960	0.990	-3.03%	(28.09)
Malta Properties Company plc	31,200	15,525	6	0.525	0.510	2.94%	(27.09)
Plaza Centres plc	92,500	92,640	10	1.000	1.040	-3.85%	(28.09)
Grand Harbour Marina plc				0.750	0.750		(02.08)
Main Street Complex plc	10,200	6,531	4	0.655	0.645	1.55%	(26.09)
GlobalCapital plc	5,633	1,442	2	0.256	0.256	N/C	(26.09)
Santumas Shareholdings plc	16,000	21,516	4	1.410	1.320	6.82%	(28.09)
Trident Estates plc	40,205	54,448	6	1.340	1.340	N/C	(26.09)
ALT. COMPANIES LIST							
Loqus Holdings plc				0.085	0.085		(10.09)
TOTALS	**1,595,217**	**2,741,455**	**245**				

MSE EQUITY PRICE INDEX AT 4,383.395 POINTS **CALENDAR YEAR TO DATE PERFORMANCE: -2.79%**

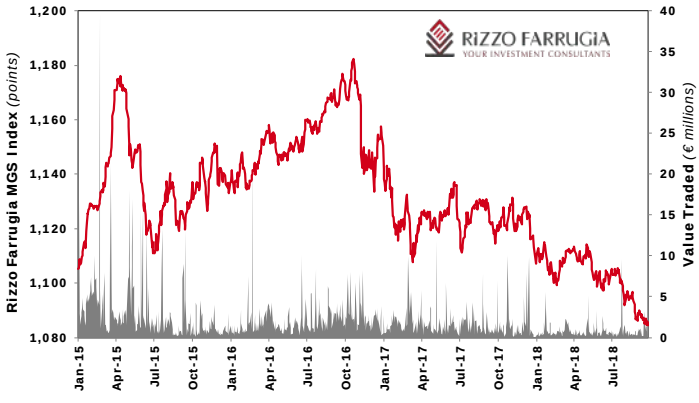


MSE Equity Price Index	
1 month	+2.22%
3 months	+0.52%
6 months	-2.75%
1 year	-6.50%
2 years	-1.71%
3 years	+1.16%
5 years	+28.42%

MALTA GOVERNMENT STOCKS

Security	Last Trade Price (€) 28.09.18		Last Trade Price (€) 20.09.18		Change	No. of deals	Volume (Nominal)	Market Value (€)
SHORT-TERM								
FR% 2018 (VI)	100.23	(15.03)	100.23	(15.03)				
FR% 2018 (VII)	100.45	-	100.45	-				
6.6% 2019 (I)	106.24	(19.09)	106.24	(19.09)				
3.0% 2019 (III)	103.10	(13.09)	103.10	(13.09)				
FR% 2019 (IV)	100.55	(15.03)	100.55	(15.03)				
3.2% 2019 (V)	103.31	(27.07)	103.31	(27.07)				
FR% 2019 (VI)	100.58	-	100.58	-				
5.2% 2020 (I)	108.82	(26.09)	109.12	(10.09)	-0.30	1	11,000	11,970
4.6% 2020 (II)	107.33	(24.09)	107.47	(13.09)	-0.14	1	100,000	107,330
3.35% 2020 (IV)	105.06	-	105.06	-				
2.0% 2020 (V)	104.31	(03.08)	104.31	(03.08)				
FR% 2020 (VI)	100.00	-	100.00	-				
MEDIUM-TERM								
5.0% 2021	113.65	(26.09)	113.69	(20.09)	-0.04	5	62,383	70,921
4.3% 2022 (II)	114.24	(24.09)	114.20	(19.09)	0.04	3	29,600	33,805
5.1% 2022	118.38	(07.09)	118.38	(07.09)				
1.5% 2022 (IV)	104.05	(26.09)	104.54	(02.08)	-0.49	1	15,000	15,608
5.5% 2023	122.89	(25.09)	123.48	(28.08)	-0.59	1	20,500	25,192
1.4% 2023 (III)	105.09	(14.03)	105.09	(14.03)				
3.3% 2024 (I)	114.55	(19.09)	114.55	(19.09)				
LONG-TERM								
1.5% 2027 (I)	101.59	(19.09)	101.59	(19.09)				
4.8% 2028 (I)	129.93	(28.09)	130.18	(20.09)	-0.25	3	37,000	48,109
4.5% 2028 (II)	127.50	(28.09)	128.00	(20.09)	-0.50	10	157,100	200,358
5.1% 2029 (I)	134.84	(28.09)	135.10	(19.09)	-0.26	5	125,000	168,651
2.3% 2029 (II)	106.38	(28.09)	106.66	(20.09)	-0.28	30	1,174,000	1,250,984
5.25% 2030	137.77	(28.09)	138.05	(19.09)	-0.28	9	162,000	223,291
5.2% 2031	139.36	(28.09)	139.42	(20.09)	-0.06	6	49,700	69,295
4.65% 2032 (I)	134.00	(28.09)	133.83	(20.09)	0.17	9	411,000	550,518
4.45% 2032 (II)	131.30	(26.09)	131.90	(13.09)	-0.60	2	35,000	45,943
4.3% 2033 (I)	129.97	(25.09)	130.13	(19.09)	-0.16	2	42,000	54,591
4.1% 2034 (I)	128.71	(28.09)	128.34	(20.09)	0.37	9	291,000	373,917
2.2% 2035 (I)	102.81	(28.09)	103.75	(17.08)	-0.94	2	24,000	24,673
2.5% 2036 (I)	106.93	(28.09)	106.50	(20.09)	0.43	16	663,600	707,041
2.1% 2039 (I)	99.58	(28.09)	100.18	(19.09)	-0.60	12	107,500	107,438
3% 2040 (I)	115.19	(28.09)	115.00	(18.09)	0.19	12	143,800	165,614
2.40% 2041 I	105.00	(19.09)	105.00	(19.09)				
TOTALS						**139**	**3,661,183**	**4,255,249**

RF MGS INDEX AT 1,084.385 POINTS **CALENDAR YEAR TO DATE PERFORMANCE: -2.57%**

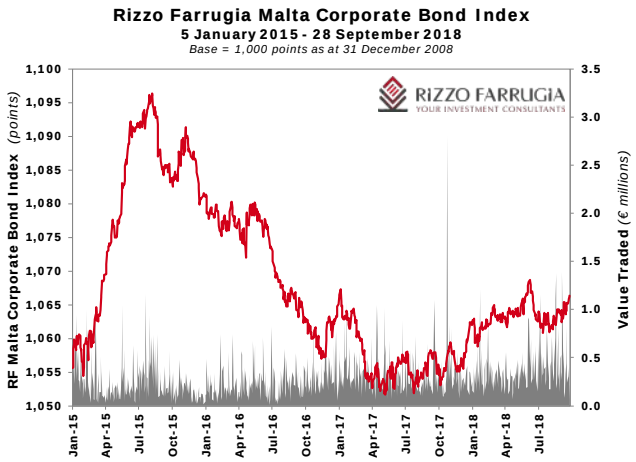


RF MGS Index	
1 month	-0.47%
3 months	-1.52%
6 months	-2.45%
1 year	-2.71%
2 years	-7.85%
3 years	-3.85%
5 years	+6.30%

CORPORATE BONDS – OFFICIAL LIST

Security	Last Trade Price (€) 28.09.18		Last Trade Price (€) 20.09.18		Change	No. of deals	Volume (Nominal)	Market Value (€)
5.9% HSBC Bank Malta 2018	99.00	(03.09)	99.00	(03.09)				
5.35% BOV plc 2019	101.70	(28.09)	101.60	(20.09)	0.10	7	34,400	34,980
7.5% MeDirect Bank plc EUR 2019	103.00	(24.09)	103.50	(03.09)	-0.50	1	4,000	4,120
7.5% MeDirect Bank plc GBP 2019	103.01	(26.02)	103.01	(26.02)				
4.25% BOV plc 2019 Series 2	101.25	(24.09)	101.25	(18.09)	N/C	1	2,500	2,531
4.8% BOV plc 2020	101.80	(26.09)	101.70	(20.09)	0.10	2	7,000	7,124
5.5% Pendergardens Dev plc 2020	102.50	(12.09)	102.50	(12.09)				
5.5% MIH 2020	104.00	(24.09)	103.50	(27.08)	0.50	1	3,600	3,744
4.9% Gasan Finance 2019-21	103.55	(24.09)	102.86	(17.09)	0.69	1	3,300	3,417
5.8% IHI plc 2021	107.00	(19.09)	107.00	(19.09)				
5.75% CBC plc 2021 S1T1	105.00	(18.09)	105.00	(18.09)				
5.0% GlobalCapital plc 2021	99.50	(28.09)	100.00	(18.09)	-0.50	7	57,700	57,438
6% Corinthia Fin. 2019-22	103.50	(20.03)	103.50	(20.03)				
6% Pendergardens Dev plc 2022	111.00	(26.09)	111.00	(20.09)	N/C	5	22,800	25,309
6% Medserv plc 2020-23	105.00	(10.09)	105.00	(10.09)				
6% MIH plc 2021	104.10	(04.09)	104.10	(04.09)				
5% MIH plc 2022	102.20	(25.09)	102.20	(18.09)	N/C	2	4,400	4,497
4.25% GAP plc 2023	104.48	(25.09)	104.50	(19.09)	-0.02	3	18,000	18,804
5.8% IHI plc 2023	108.00	(06.09)	108.00	(06.09)				
5.3% United Finance plc 2023	106.50	(27.09)	105.99	(22.08)	0.51	3	30,000	31,925
6.0% IHI plc 2024	108.05	(24.09)	108.00	(17.09)	0.05	1	2,000	2,161
6.0% AX Investments plc 2024	112.00	(27.09)	111.50	(19.09)	0.50	3	14,100	15,772
5.3% Mariner Finance plc 2024	109.59	(28.09)	110.00	(19.09)	-0.41	4	23,300	25,615
5.0% Tumas Investments plc 2024	108.10	(27.09)	108.00	(03.09)	0.10	3	3,900	4,216
5% Hal Mann Vella Group plc 2024	104.01	(24.09)	103.50	(19.09)	0.51	2	2,400	2,496
6.0% MeDirect Bank plc EUR 2019-24	102.51	(07.09)	102.51	(07.09)				
6.0% MeDirect Bank plc GBP 2019-24	104.06	(13.09)	104.06	(13.09)				
5.1% 1923 Investments plc 2024	103.42	(27.09)	102.00	(20.09)	1.42	17	98,100	100,064
4.4% Von der Heyden Group Fin plc 2024	101.72	(28.09)	101.80	(20.09)	-0.08	7	70,000	71,204
4.5% Izola Bank plc 2025	107.00	(06.09)	107.00	(06.09)				
5.75% IHI plc 2025	110.39	(20.09)	110.39	(20.09)				
5.1% 6PM Holdings plc 2025	101.25	(28.09)	101.00	(19.09)	0.25	16	190,900	192,646
4.5% Hili Properties plc 2025	105.00	(24.09)	104.50	(19.09)	0.50	4	5,000	5,239
5.25% CBC plc 2025 S2T1	106.50	(20.09)	106.50	(20.09)				
4.50% Medserv plc 2026	102.00	(11.09)	102.00	(11.09)				
5.75% Medserv plc USD 2026	105.00	(26.09)	105.00	(20.09)	N/C	4	22,500	23,625
4.35% Hudson Malta plc € 2026	102.00	(08.08)	102.00	(08.08)				
4.25% Corinthia Finance plc 2026	106.00	(06.09)	106.00	(06.09)				
4.0% MIDI plc 2026	104.00	(27.09)	104.60	(17.09)	-0.60	2	5,000	5,200
4.0% IHI plc Secured 2026	105.00	(28.09)	105.00	(20.09)	N/C	7	26,600	27,954
4.0% IHI plc Unsecured 2026	102.90	(26.09)	102.80	(20.09)	0.10	8	31,500	32,418
3.9% Plaza Centres plc 2026	100.95	(04.09)	100.95	(04.09)				
5.0% Dizz Finance plc 2026	104.30	(27.09)	104.70	(14.09)	-0.40	1	9,000	9,387
4.8% Med. Maritime Hub plc 2026	103.90	(28.09)	104.00	(19.09)	-0.10	2	4,000	4,147
3.75% Premier Capital plc 2026	104.00	(26.09)	104.00	(19.09)	N/C	5	34,200	35,565
4.35% SD Finance plc 2027	104.00	(18.09)	104.00	(18.09)				
4% Eden Finance plc 2027	104.20	(25.09)	104.20	(19.09)	N/C	6	167,000	174,010
3.75% Tumas Investments plc 2027	105.00	(18.09)	105.00	(18.09)				
4.4% CBC plc 2027 S1T1	104.25	(24.09)	102.10	(12.09)	2.15	1	5,000	5,213
4.5% Grand Harbour Marina plc 2027	102.76	(26.09)	102.76	(20.09)	N/C	6	62,100	63,814
3.50% Simonds Farsons Cisk plc 2027	105.75	(19.09)	105.75	(19.09)				
5.0% MeDirect Bank plc EUR 2022-2027	103.50	(11.09)	103.50	(11.09)				
5.0% MeDirect Bank plc GBP 2022-2027	100.00	-	100.00	-				
4.0% Stivala Group Fin plc 2027	105.00	(26.09)	105.00	(20.09)	N/C	3	46,200	48,510
3.75% Bortex Group Finance plc 2027	104.49	(25.09)	104.50	(17.09)	-0.01	1	21,000	21,943
3.75% Virtu Finance plc 2027	104.50	(28.09)	104.50	(18.09)	N/C	6	80,000	83,548
3.85% Hili Finance Company plc 2028	103.00	(28.09)	103.00	(20.09)	N/C	10	82,700	85,388
4.00% Exalco Finance plc 2028	105.50	(19.09)	105.50	(19.09)				
3.5% BOV plc 2030 S1T1	101.00	(25.09)	101.00	(20.09)	N/C	3	50,000	50,500
3.5% BOV plc 2030 S2T1	100.01	(26.09)	100.00	(18.09)	0.01	1	5,000	5,001
TOTALS						**156**	**1,249,200**	**1,289,524**

RF MALTA CB INDEX AT 1,066.631 POINTS **CALENDAR YEAR TO DATE PERFORMANCE: +0.37%**



RF Malta CB Index	
1 month	+0.26%
3 months	+0.25%
6 months	+0.31%
1 year	+1.00%
2 years	+0.34%
3 years	-1.77%
5 years	+2.87%

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.