

## **Daily Stock Market Review – 23 February 2018**

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### **HSBC share price recaptures 4-month high**

Following the declines registered in the previous two trading sessions, the **MSE Equity Price Index** rebounded by 0.23% to 4,467.293 points today reflecting the gains in the share prices of HSBC, MIA and Lombard which outweighed the declines in BOV, RS2 and PG. Meanwhile, a further three equities closed the day unchanged. Week-on-week, the MSE Equity Price Index lost 0.33%, largely driven by the declines in FIMBank (-8.8%) and IHI (-2.4%).

**HSBC Bank Malta plc** advanced by 1.6% to regain its four-month high of €1.90 across 11,387 shares. On Tuesday, the bank reported a 9.5% drop in adjusted pre-tax profits to €55.6 million, reflecting downward pressures on revenues as well as higher operating costs. Nonetheless, the Directors are recommending an ordinary gross dividend of €0.0386 per share (€0.0251 per share net of tax) as well as a special gross dividend of €0.0854 per share (€0.0555 net of tax). The total net final dividend of €0.0806 per share will be paid on 19 April 2018 to all shareholders as at close of trading on Friday 9 March 2018. In this respect, HSBC explained that its strong capital position enables it to sustain a payout ratio at 65% and also to pay an extraordinary dividend out of retained earnings.

Within the same segment, **Lombard Bank Malta plc** surged by 2.6% to an over nine-month high of €2.40 albeit on trivial volumes. The bank is due to reveal its 2017 financial results on 8 March 2018.

The other positive performing equity today was **Malta International Airport plc** which rebounded by 0.4% to the €4.92 level across 9,000 shares. On Wednesday, MIA reported a 21.5% year-on-year increase in EBITDA to €48.6 million and a net profit of €24.2 million in 2017. The Directors are recommending an unchanged final gross dividend of €0.107692 per share (€0.07 net of tax), which is payable by not later than Friday 25 May 2018 to all shareholders as at the close of trading on Wednesday 4 April 2018. Yesterday, MIA also announced that the Planning Authority approved the master plan for the further upgrading and redevelopment of MIA's terminal infrastructure and the surrounding airport campus. This €100 million project will be executed in three major phases and will principally entail: (i) the construction of three mixed-used commercial blocks including also a business hotel; (ii) the expansion/extension of the various existing terminal facilities; and (iii) the construction of a multi-storey car park providing more than 1,300 parking spaces which is expected to commence in Q4 2018.

Also among the large companies by market capitalisation, **Bank of Valletta plc** retreated by 0.3% back to the €1.82 level on ten deals totalling 29,224 shares. This morning, the bank announced that the Arbiter for Financial Services handed down his decision with respect to a number of complaints relating to the La Valette Multi-Manager Property Fund ("LVMPF"). In this respect, the bank explained that it is still reviewing the details of this decision and that the Board of Directors will be discussing the matter and deciding on the appropriate actions to take. Some parts of the media also reported that the compensation that BOV has been requested to make by the Arbiter for Financial Services to LVMPF investors amounts to €3.4 million plus interest.

**RS2 Software plc** and **PG plc** also trended lower today albeit on light trading volumes. RS2 moved back by 0.8% to the €1.29 level and PG retracted by 0.7% to €1.35.

Meanwhile, the equities of the three property-related companies MIDI, Malita and Plaza ended flat today. **MIDI plc** retained the €0.34 level after opening at a low of €0.33 (-2.9%). A total of 30,000 shares traded.

**Malita Investments plc** failed to hold on to an intra-day high of €0.835 (+0.6%) as the equity closed unchanged at the €0.83 level on a total of 57,000 shares.

**Plaza Centres plc** retained the €1.01 level across 54,908 shares.

The **RF MGS Index** recovered by 0.08% from its lowest level in over three years of 1,105.328 points to 1,106.265 points as euro zone sovereign yields remained under downward pressure following the publication yesterday of the minutes of the most recent European Central Bank monetary policy meeting which revealed concerns over the relative strength of the euro currency against the US Dollar. The minutes also showed that the ECB Governing Council discussed and dismissed the option for the central bank to drop its pledge to increment its asset purchase programme should economic conditions disappoint or financial conditions worsen. Meanwhile, inflation within the single currency area stayed at 1.3% year-on-year in January – in line with expectations. However, it dropped to -0.9% month-on-month from +0.4% in 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.*