

FMI Drives Surge in YSX

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Over the month of February into early March, Myanmar investors bought shares in First Myanmar Investment (FMI) at a rapid pace, causing the stock to surge 46% and the Myanpix, which tracks the four stocks listed on the Yangon Stock Exchange, to gain 26%. FMI is an investment holding company with its primary businesses focused on financial services, real estate, and healthcare.

- From 26 March 2016 through 3 February 2017, the median daily volume of traded FMI shares was 2,613. Over February and into early March this increased 31% to 3,432, indicating that a larger number of investors were buying shares and pushing the price higher.

We assess investors were encouraged with FMI's announcement in mid-February of a [USD 700 million development plan](#) for central Yangon and remarks made earlier in the month by its chairman regarding the company's stock price, but we are not certain these events sufficiently explain the rise in investor sentiment. FMI's stock price is down 67% from its high in late March 2016 of 41,000 Myanmar Kyat per share, or USD 30.31.

- On 16 February, FMI held a groundbreaking ceremony for the Yoma

Central Project, which is a joint venture with several real estate companies. The project will be located in central Yangon on a 10 acre site and will include a Peninsula Hotel, Peninsula-branded luxury residences, office towers, a business hotel, and serviced apartments, [according to The Myanmar Times](#).

- On 4 February, FMI chairman Serge Pun held a meeting with shareholders and advised they should remain confident in the company and that new projects soon would be implemented, [according to The Myanmar Times](#). On the same day, Pun also expressed general optimism for the property industry and stated his belief that the market would be stronger going forward, [according to The Myanmar Times](#).
- FMI's fiscal year runs 1 April through 31 March and the company did not disclose any recent financial results that could explain the share price increase. Additionally, neither the International Monetary Fund or other organizations recently have raised their economic growth forecasts for Myanmar.

Emerging markets can be volatile and stock prices can experience large swings. FMI's gains during February probably will not be sustainable if they are attributable solely to the start of the Yoma project and the chairman's comments. Given FMI's weight in the Myanpix, any swings in its price will influence greatly the returns in the Myanpix.

- The Myanpix opened on 25 March 2016 at a base value of 1,000 points, and as of 3 March 2017, it has declined 30% to 699.25. The Myanpix is a capitalization-weighted index, with FMI comprising

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approximately 58% of the index's value as
of 3 March.