

### MASI gains

The Malawi All Share Index (MASI) rose by 0.89% during the week to close at 22212.1 points on account of share price gains in SUNBIRD, TNM and Old Mutual. Total value traded increased by 399.95% to K440.07m from K88.02m recorded the previous week. A total of 8,367,299 shares were traded during the week compared to 1,867,903 shares transacted the previous week. Year to date return on the MASI stands at 2.84% (2017: -0.53%) (Source: MSE).

### Kwacha exchange rate movements

During the week, the Kwacha was relatively steady against the USD but depreciated against the GBP, ZAR and EUR by 1.88%, 1.75% and 1.27%, respectively. Gross official reserves decreased to USD724.77m (3.47 months of imports) as at 24<sup>th</sup> January 2018 from USD728.36m (3.48 months of imports) recorded on 19<sup>th</sup> January 2018 (Source: RBM). We expect the Kwacha to remain fairly steady against the USD in the near term backed by sufficient foreign reserves. The local unit may, however, continue to face depreciation pressure against the other major trading currencies.

### Treasury Bill yields steady

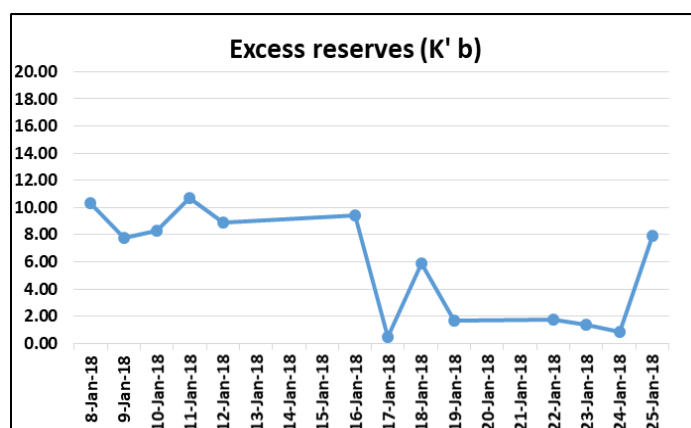
At the TB auction held on 23<sup>rd</sup> January 2018, K8.40b was raised. The average all type TB rate was steady at 14.50% as observed the previous three weeks. The auction registered a rejection rate of 1.69% (Source: RBM). We expect the steady state of Treasury Bill yields to last a little while, after which the T-Bill yields could face a downward pressure as the authorities look for cheaper funds due to high debt levels and as the disinflation process continues.

### Interbank market

Liquidity decreased to a daily average of K2.71b from K6.17b the previous week. The average overnight interbank rate marginally decreased to 14.95% from 14.98% the preceding week. The daily average volume traded on the interbank market increased to K7.42b from K6.70b the previous week. Access to the Lombard Facility increased to K16.79b from K11.05b. Total maturities for the week amounted K28.67b. The authorities mopped up K7.31b from the market through OMOs during the week (Source: RBM). We expect liquidity conditions to remain subdued in the short to medium term as the authorities intensify mop up operations to keep inflation on the declining trend.

Stock market indices			
	26-Jan-18	% Δ	19-Jan-18
MASI	22212.1	↑ 0.89%	22015.57
DSI	16682.65	↑ 1.08%	16504.06
FSI	3673.87	↑ 0.01%	3673.38
Market capitalisation (K' b)	10,661.31	↑ 0.31%	10,627.98
Deals	34	↑ 61.90%	21
Value of shares traded (K' m)	440.07	↑ 399.95%	88.02
Gainers	Current price (K)	% Δ	Previous price (K)
SUNBIRD	110.00	↑ 14.58%	96.00
TNM	16.10	↑ 3.21%	15.60
OML	1965.00	↑ 0.26%	1960.00
Losers	Current price (K)	% Δ	Previous price (K)
None			
Treasury Bill yields			
Tenor (days)	23-Jan-18	% pts Δ	16-Jan-18
91	14.00%	→ 0.00%	14.00%
182	14.50%	→ 0.00%	14.50%
364	15.00%	→ 0.00%	15.00%
All-type	14.50%	→ 0.00%	14.50%
Overall rejection rate	1.69%	↑ 1.69%	0.00%
Alloted (K' b)	8.40	↑ 63.48%	5.14
Expected maturities			
Week ending	26-Jan-18	2-Feb-18	Feb-18
TBs, PNs & TNs	10,824	10,725	62,062
OMO	17,850	5,318	83,148
Inflation			
Month	Dec-17	% pts Δ	Nov-17
Rate	7.10%	↓ -0.60%	7.70%
RBM indicative middle exchange rates			
Currency	26-Jan-18	% Δ	19-Jan-18
USD	725.49	↑ 0.00%	725.50
GBP	1028.31	↓ 1.88%	1009.32
ZAR	60.98	↓ 1.75%	59.93
EUR	900.77	↓ 1.27%	889.47
Gross official foreign exchange reserve position			
	24-Jan-18	19-Jan-18	12-Jan-18
Reserves (USD'm)	724.77	728.36	741.14
Import cover (months)	3.47	3.48	3.55

(Sources: MSE, RBM, NSO)



(Source: RBM)

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