Weekly update – 16th March 2018

MASI gains

The Malawi All Share Index (MASI) gained by 1.41% to close the week at 24825.04 points due to share price increases in FMBCH, NICO and MPICO. Total value traded increased by 19.10% to K299.69m from K251.62m recorded the previous week. A total of 16,671,503 shares were traded during the week compared to 7,726,523 shares transacted the previous week. Year to date return on the MASI stands at 14.94% (2017: 5.90%). There was no trade on the listed government securities during the week *(Source: MSE).*

Corporate news

BHL reported a profit after tax of K506.54m for the year ended 30th September 2017 (2016: K414.07m). The 22.33% increase is largely attributed to growth in revenue (from K3.5b to K4.1b) due to increased room occupancy and improved average room rates. The Directors are expected to propose a final dividend of K19.4m (15t per share) at the forth coming AGM, bringing total dividend for the year to K148m, representing 115t per share (2016: 100t per share) (*Source: MSE*). The news is expected to excite demand on the counter. However, low liquidity due to unavailability of shares may hamper price discovery on the counter.

Treasury Bills

The Malawi Government raised a total of K9.21b through Treasury Bill auctions during the week, compared to K17.64b raised the previous week. The average yield was steady at 14.50%. The auctions registered no rejection *(Source: RBM).* Looking forward, we expect TB yields to remain fairly steady in the short term. In the medium term, yields on government securities could face a downward pressure as the authorities look for cheaper funds.

Interbank market

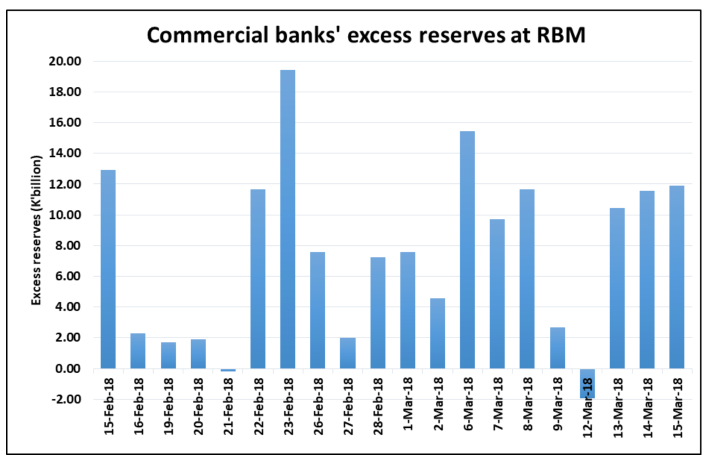
Liquidity decreased to a daily average of K5.67b from K10.34b the previous week. Consequently, the average overnight interbank rate marginally increased to 13.83% from 13.79% the preceding week. The daily average volume traded on the interbank market increased to K10.66b from K8.87b the previous week. The banks accessed a total of K5.99b on the Lombard Facility during the week at a rate of 18.00%. RBM mopped up K9.53b from the system through OMOS at a rate of 15.00% *(Source: RBM).* We expect liquidity conditions to remain subdued in the near term as the RBM intensifies mop up operations to keep inflation low.

Kwacha exchange rate movements

The Kwacha was relatively steady during the week, registering marginal appreciations against the USD and EUR and marginal depreciations against the GBP and ZAR. Gross official reserves dropped to USD655.55m (3.14 months of imports) as at 14th March 2018 from USD678.47m (3.25 months of imports) recorded on 9th March 2018 *(Source: RBM).* We expect the kwacha to remain broadly stable in the short to medium term, and foreign exchange reserves to continue facing pressure from the monetary authorities' stabilization efforts.

Stock market indices			
	16-Mar-18	**% Δ**	**9-Mar-18**
MASI	24825.04	1.41%	24480.64
DSI	17864.42	0.45%	17783.69
FSI	4912.84	5.16%	4671.99
Market capitalisation (K' b)	10,900.18	0.14%	10,884.92
Deals	35	-28.57%	49
Value of shares traded (K' m)	299.69	19.10%	251.62
Gainers	**Current price (K)**	**% Δ**	**Previous price (K)**
FMBCH	95.00	5.38%	90.15
NICO	46.78	3.96%	45.00
MPICO	16.90	5.62%	16.00
Losers	**Current price (K)**	**% Δ**	**Previous price (K)**
None			
Treasury Bill yields			
Tenor (days)	**13-Mar-18**	**% pts Δ**	**6 to 9 Mar 2018**
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	0.00%	0.00	0.00%
Alloted (K' b)	9.21	-47.79%	17.64
Expected maturities			
Week ending	**16-Mar-18**	**23-Mar-18**	**Mar-18**
TBs, PNs & TNs	8,543	8,204	55,757
OMO	25,977	19,213	94,665
Inflation			
Month	**Jan-18**	**% pts Δ**	**Dec-17**
Rate	8.10%	1.00	7.10%
RBM indicative exchange rates			
Currency	**16-Mar-18**	**% Δ**	**9-Mar-18**
USD	725.6909	0.00%	725.6972
GBP	1010.7423	0.88%	1001.8976
ZAR	60.9999	0.10%	60.9399
EUR	893.2529	-0.06%	893.7687
Gross official foreign exchange reserve position			
	14-Mar-18	**9-Mar-18**	**2-Mar-18**
Reserves (USD'm)	655.55	678.47	683.06
Import cover (months)	3.14	3.25	3.27

(Sources: MSE, RBM, NSO)



(Source: RBM)

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