

MSE trading activity

The Malawi All Share Index (MASI) gained by 3.32% to close the week at 30075.17 points on account of share price increases in FMBCH, STANDARD, NITL, TNM and OML. The total value traded decreased by 68.54% to K1.48b from K4.72b recorded the previous week. A total of 61,413,957 shares were transacted during the week compared to 133,524,493 shares traded the previous week. Year to date return on the MASI stands at 39.25% (same period 2017:16.92%). There was no trade on the listed government securities during the week (Source: MSE).

BHL increased its shares by a bonus issue and a share split on 28th May 2018. This resulted in the price reducing to K5.38 on the day from K35.00 recorded on 25th May 2018.

Upcoming Annual General Meetings

Company	Date	Time	Venue
FMBCH	7-Jun-18	15:00hrs	FMB Training Centre, Blantyre
NBM	8-Jun-18	14:00hrs	NBM Learning and Growth Centre, Blantyre
TNM	14-Jun-18	14:00hrs	Sunbird Mount Soche Hotel, Blantyre
SUNBIRD	15-Jun-18	15:30hrs	Sunbird Mount Soche Hotel, Blantyre

Foreign exchange market developments

The Kwacha was steady against the USD during the week, mainly backed by the ongoing tobacco market season. The local currency, however, appreciated against the other major trading currencies. Gross official reserves increased to USD665.23m (3.16 months of imports) as at 30th May 2018 from USD661.4m (3.15 months of imports) recorded on 25th May 2018 (Source: RBM). We expect the Kwacha to remain stable in the short to medium term as foreign exchange inflows improve during the Tobacco market season.

Treasury Bill auctions

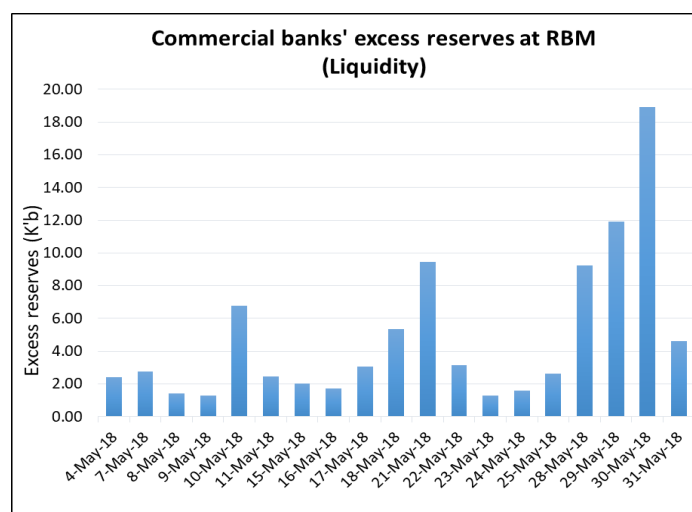
The Government raised a total of K20.56b through Treasury Bill auctions during the week, compared to K4.96b raised in the previous week. The auctions registered a 6.56% rejection rate. The average yield was steady at 14.50% (Source: RBM). Looking forward, Treasury Bill yields could remain steady for some time amid uncertainties regarding inflation. If inflation remains relatively low in the medium term, the yields could decline as the authorities target cheaper funds.

Interbank market activity

Liquidity levels more than doubled during the week to a daily average of K9.47b from K4.17b the previous week. Consequently, the average overnight interbank rate decreased to 15.64% from 15.84%. The daily average volume traded on the interbank market increased to K12.00b from K10.87b the previous week. A total of K12.40b was accessed on the Lombard Facility at a rate of 18.00%, compared to K21.68b accessed during the previous week at the same rate. No mop-up open market operations (OMO) were conducted by RBM (Source: RBM). However, the Government has intensified the raising of funds through Treasury bill auctions and tap sales, which have been mopping up liquidity from the market.

Stock market indices				
	1-Jun-18	% Δ	25-May-18	
MASI	30075.17	↑ 3.32%	29109.44	
DSI	19430.42	↑ 2.08%	19033.92	
FSI	8237.82	↑ 6.46%	7738.28	
Market capitalisation (K' b)	16,008.38	↑ 1.20%	15,817.85	
Number of deals	51	↑ 6.25%	48	
Value of shares traded (K' b)	1.48	↓ -68.54%	4.72	
Gainers				
	Current price (K)	% Δ	Previous price (K)	
FMBCH	160.00	↑ 6.67%	150.00	
STANDARD	670.00	↑ 6.11%	631.43	
NITL	73.00	↑ 5.02%	69.51	
TNM	21.00	↑ 5.00%	20.00	
OML	2980.00	↑ 1.02%	2950.00	
Losers				
	Current price (K)	% Δ	Previous price (K)	
NICO	47.73	↓ -0.56%	48.00	
Average Treasury Bill yields				
		Auctions held on 28, 29, 30 and 31		Auctions held on 21, 22, 24 and 25
Tenor (days)	May 2018	% Δ	May 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 (K'm)	1,444.16	↓ -53.77%	3,123.81	
Alloted (K' m)	20,564.40	↑ 314.33%	4,963.28	
Expected maturities				
Week ending	25-May-18	1-Jun-18	8-Jun-18	
TBs, PNs & TNs	4,474	3,238	8,666	
OMO	10,948	4,974	5,343	
Inflation				
Month	Apr-18	% pts Δ	Mar-18	
Rate	9.70%	↓ -0.20	9.90%	
Cumulative tobacco sales (week 7)				
Year	2018	% Δ	2017	
Volume (Kg)	62,031,268	↑ 69.56%	36,583,172	
Value (USD)	99,953,576	↑ 48.36%	67,371,889	
Average price (USD/Kg)	1.61	↓ -12.50%	1.84	
% of GDP	1.75	↑ 48.31%	1.18	
RBM indicative mid exchange rates				
Currency	1-Jun-18	% Δ	25-May-18	
USD	726.0396	↓ 0.00%	726.0382	
GBP	963.5272	↑ -0.69%	970.2048	
ZAR	57.4403	↑ -1.74%	58.4553	
EUR	848.0143	↑ -0.24%	850.0455	
Gross official foreign exchange reserve position				
	30-May-18	25-May-18	18-May-18	
Reserves (USD'm)	665.23	661.40	658.56	
Import cover (months)	3.18	3.16	3.15	

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

Disclaimer: The views expressed in this report are those of the authors and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against any of the authors, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.