

MASI gains

The MASI rose by 0.57% during the week to close at 22015.57 points on account of share price gains in TNM and FMBCH which offset a K0.30 share price loss in MPICO. Total value traded increased by 22.40% to K88.02m from K71.91m recorded the previous week. A total of 1,867,903 shares were traded during the week compared to 479,086 shares transacted the previous week. Year to date return on the MASI stands at 1.93% (2017: 0.31%) (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 2.71%, 2.33% and 1.75%, respectively. Gross official reserves decreased to USD732.19m (3.50 months of imports) as at 17th January 2018 from USD741.14m (3.55 months of imports) recorded on 12th 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 16th January 2018, K5.14b was raised. The average all type TB rate was steady at 14.50% as observed the previous two weeks. The auction registered no rejection (Source: RBM). We expect Treasury Bill yields to face a downward pressure as the market prices in the recent disinflation news and fully responds to the revised Policy rate.

Interbank market

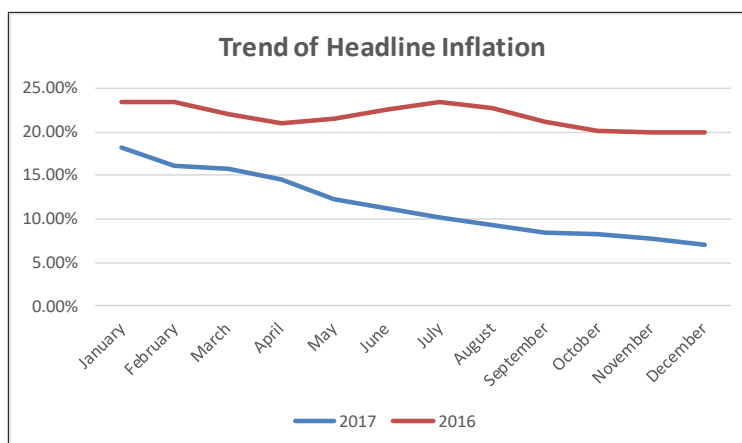
Liquidity decreased to a daily average of K6.17b from K8.19b the previous week. The average overnight interbank rate marginally decreased to 14.98% from 14.99% the preceding week. The daily average volume traded on the interbank market decreased to K6.70b from K8.62b the previous week. Access to the Lombard Facility increased to K11.05b from K3.30b. Total maturities for the week amounted K38.72b. The authorities mopped up K27.51b from the market through OMOs during the week (Source: RBM).

Inflation

Headline inflation declined to 7.1% in December 2017 from 7.7% the previous month due to decreases in both food and non-food inflation to 4.3% from 4.7% and to 10.0% from 11.0% respectively. Consequently, the annual headline inflation rate for 2017 stands at 11.5% compared to 21.7% in 2016 (Source: NSO). In 2018, the inflation rate could remain in the single digit as RBM targets an inflation rate of 5% by the end of the year. The continued disinflation could give room for a further reduction in interest rates. However, upside risks to inflation remain a possible rebound in maize prices, rising global oil prices, power challenges and government commitment to fiscal discipline.

Stock market indices			
	19-Jan-18	% Δ	12-Jan-18
MASI	22015.57	↑ 0.5743%	21889.86
DSI	16504.06	↑ 0.6693%	16394.33
FSI	3673.38	↑ 0.14%	3668.41
Market capitalisation (K' b)	10,627.98	↑ 0.05%	10,622.42
Deals	21	↑ 61.54%	13
Value of shares traded (K' m)	88.02	↑ 22.40%	71.91
Gainers	Current price (K)	% Δ	Previous price (K)
TNM	15.60	↑ 4.0000%	15.00
FMBCH	70.10	↑ 0.143%	70.00
Losers	Current price (K)	% Δ	Previous price (K)
MPICO	15.70	↓ -1.875%	16.00
Treasury Bill yields			
Tenor (days)	16-Jan-18	% pts Δ	9-Jan-18
91	14.00%	↓ -0.0001%	14.00%
182	14.50%	↓ -0.0020%	14.50%
364	15.00%	→ 0.0000%	15.00%
All-type	14.50%	↓ -0.0007%	14.50%
Overall rejection rate	0.00%	↓ -0.22%	0.22%
Alloted (K' b)	5.14	↑ 19.12%	4.31
Expected maturities			
Week ending	19-Jan-18	26-Jan-18	2-Feb-18
TBs, PNs & TNs	16,381	10,824	10,824
OMO	19,530	8,740	8,740
Inflation			
Month	Dec-17	% pts Δ	Nov-17
Rate	7.10%	↓ -0.60%	7.70%
RBM - mid exchange rates			
Currency	19-Jan-18	% Δ	12-Jan-18
USD	725.50	↓ 0.01%	725.42
GBP	1009.32	↓ 2.71%	982.65
ZAR	59.93	↓ 2.33%	58.57
EUR	889.47	↓ 1.75%	874.13
Gross official foreign exchange reserve position			
	17-Jan-18	12-Jan-18	5-Jan-18
Reserves (USD'm)	732.19	741.14	749.46
Import cover (months)	3.5	3.55	3.59

(Sources: RBM, NSO)



(Source: NSO)

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