

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

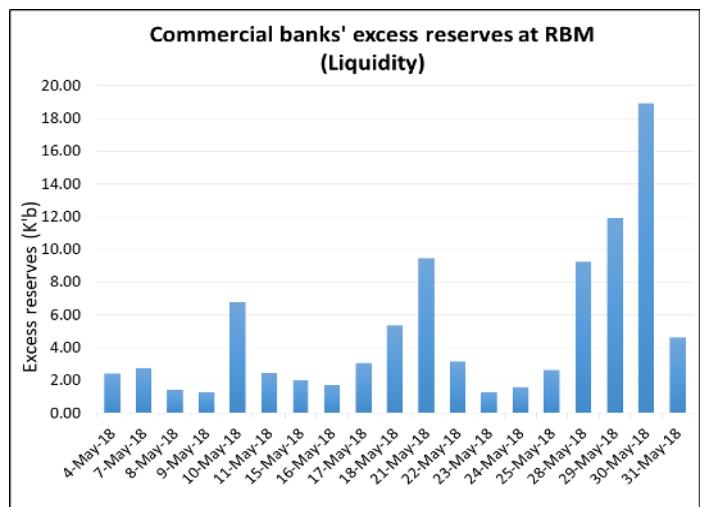
The Government raised a total of K20.56b through Treasury Bill auctions during the week, compared to K4.96b raised in the previous week. The auctions registered a 6.56% rejection rate. The average yield was steady at 14.50% (Source: RBM). Looking forward, Treasury Bill yields could remain steady for 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 May 2018		Auctions held on 21, 22, 24 and 25 May 2018	
Tenor (days)		% Δ	
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)

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