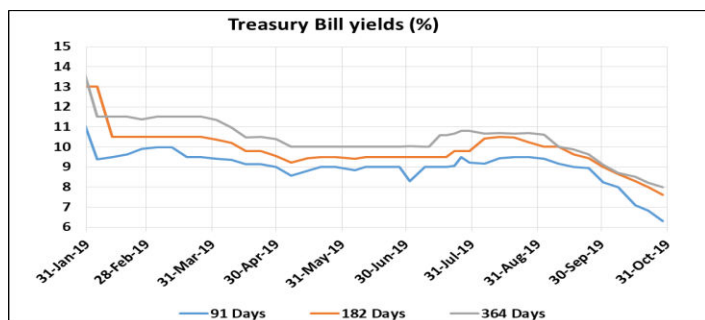


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained marginally by 0.01% to close the week at 30,344.49 points from 30,342.82 points recorded in the previous week due to marginal share price gains in ICON and NICO which outweighed a marginal share price loss in OMU. There was no price movement in the rest of the companies registered on the MSE. A total of 9,620,983 shares were traded at a consideration of K287.53m compared to 11,434,421 shares traded in the previous week at a consideration of K175.57m. This week's activity represents a decrease of 15.86% in traded volume and an increase of 63.78% in traded value. The year-to-date return on the MASI stands at 4.70% compared to 41.84% in the same period in 2018 (Source: MSE).

Government securities

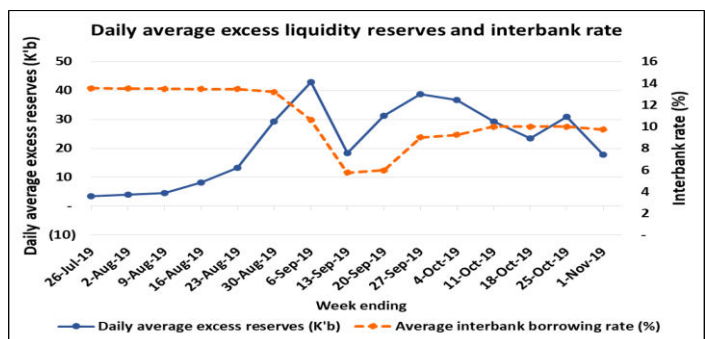
Government raised the planned amount of K4.09b from this week's Treasury Bill (TB) auction held on 29th October. Total applications amounted to K18.75b, representing a rejection rate of 78.17%. There were no auctions for Treasury Notes (TN) and open market operations (OMOs) during the week. Maturities for the week amounted to K9.77b, resulting in a net injection of K5.68b into the market, compared to a net withdrawal of K3.12b in the previous week. The all-type average TB yield decreased to 7.30% from 7.68% in the preceding week; the 91-day, 182-day and 364-day yields all decreased to 6.30%, 7.60% and 8.00%, respectively, from 6.83%, 8.00% and 8.220% in the previous week (Source: RBM).



(Source: RBM)

Interbank market activity

Excess liquidity reserves decreased to an average of K17.84b per day from K30.89b per day in the previous week. Consequently, borrowing on the interbank market increased to K34.90b from K1.00b in the previous week and the average interbank borrowing rate decreased to 9.74% from 10.00%. There was no borrowing on the Lombard facility during the week as was the case in the preceding week (Source: RBM).



(Source: RBM)

Foreign exchange market developments

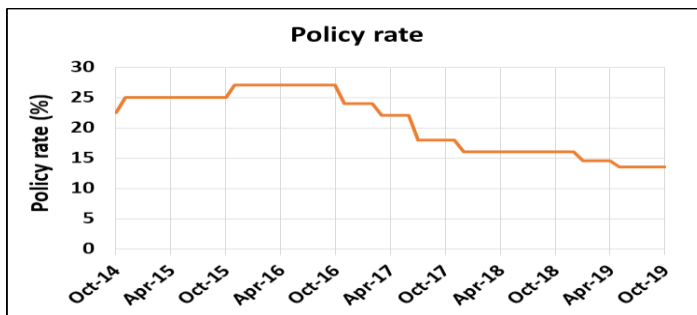
The Kwacha marginally depreciated against USD, GBP and EUR during the week but appreciated against ZAR. The indicative USD/MWK middle exchange rate closed the week at 734.7401, a slight increase from 734.6301 as at the end of the preceding week. Gross official foreign exchange reserves stood at USD705.68m (3.37 months of import cover) on 30th August 2019, representing a slight increase from USD704.14m (3.37 months of import cover) recorded on 31st July 2019 (Source: RBM).

Stock market				
	1-Nov-19		% Δ	25-Oct-19
MASI	30,344.49	↑	0.01%	30,342.82
DSI	23,455.64	↑	0.01%	23,454.14
FSI	4,272.58	→	0.00%	4,272.58
Traded volume	9,620,983	↓	-15.86%	11,434,421
Number of trades	50	↑	47.06%	34
Value of shares traded (K'm)	287.53	↑	63.78%	175.57
Market capitalisation (K'm)	1,433,241.37	↑	0.01%	1,433,164.27
Gainers	Current price (K)		% Δ	Previous price (K)
ICON	10.50	↑	0.10%	10.49
NICO	48.50	↑	0.02%	48.49
Losers	Current price (K)		% Δ	Previous price (K)
OMU	2,499.99	↓	0.00%	2,500.00
Projected maturities				
Week ending	1-Nov-19		25-Oct-19	Oct-19
TBs, PNs & TNs (K'm)	9,766		9,959	63,124
OMO (K'm)	0		0	55,198
Treasury Bill auctions				
Auction date	29-Oct-19		% pts Δ	22-Oct-19
Amount offered - cost value (K'm)	4,092.00	→	0.00%	4,092.00
Applied - cost value (K'm)	18,746.37	↓	-24.92%	24,969.59
Allotted - cost value (K'm)	4,092.17	↑	0.00%	4,092.16
Overall rejection rate	78.17%	↓	-5.44	83.61%
91 days yield	6.30%	↓	-0.53	6.83%
182 days yield	7.60%	↓	-0.40	8.00%
364 days yield	8.00%	↓	-0.22	8.22%
All-type yield	7.30%	↓	-0.38	7.68%
Current yields for Treasury Notes				
Tenor	Last auction's yield		Last auction	Next auction
2-year	10.12%		8-Oct-19	TBA
3-year	13.87%		29-Aug-19	TBA
5-year	14.00%		26-Sep-19	TBA
7-year	13.73%		24-Oct-19	TBA
10-year	18.04%		10-Sep-19	TBA
Reference rate				
	Oct-19		% pts Δ	Sep-19
Rate	12.00%	↓	-1.40	13.40%
Inflation				
	Sep-19		% pts Δ	Aug-19
Rate	9.20%	↓	-0.30	9.50%
RBM indicative mid exchange rates				
	1-Nov-19		% Δ	25-Oct-19
USD	734.7401	↓	0.01%	734.6301
GBP	952.0762	↓	0.89%	943.6324
ZAR	48.7681	↑	-2.55%	50.0446
EUR	820.1169	↓	0.52%	815.8802
Gross official foreign exchange reserves position				
	30-Aug-19		31-Jul-19	30-Jun-19
Reserves (USD'm)	705.68		704.14	765.82
Import cover (months)	3.37		3.37	3.66

(Sources: MSE, RBM, NSO)

Monetary policy

During its fourth meeting of 2019 held on 29th and 30th October 2019, the Monetary Policy Committee (MPC) maintained the Policy rate at 13.5%, the Lombard rate at 0.4 percentage points above the Policy rate, the Liquidity Reserve Requirement (LRR) on local currency deposits at 5% and the LRR on foreign currency deposits at 3.75%. The decision was based to the observation that although rising food prices may marginally push up headline inflation in the near term, this elevation during the lean season is deemed temporary and does not pose a risk to the medium-term inflation objective of 5% by 2021 (Source: RBM).



(Source: RBM)

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