

MSE trading activity

The Malawi All Share Index (MASI) gained by 0.06% to close the week at 31,282.19 from 31,263.14 the previous week, due to a marginal share price increase in NBM to K310.01 from K310.00 the previous week. 10,803,035 shares were traded during the week compared to 1,448,978 the previous week. The year-to-date return on the MASI stands at 44.84% compared to 30.67% for the corresponding period in the previous year. There were no trades on the listed bond market (Source: MSE).

Corporate update

At its meeting held on 26th July 2018, NBM's Board of Directors resolved that an interim dividend of K2.5b (representing K5.35 per share) be paid to the shareholders appearing in the register of the company as at 7th September, 2018. The interim dividend will be paid on 21st September, 2018 (Source: NBM).

Foreign exchange market developments

The Kwacha appreciated against GBP, EUR and ZAR during the week, while marginally depreciating against USD. Gross official foreign exchange reserves slightly increased to USD752.79 (3.60 months of import cover) as at 8th August 2018 from USD750.83 (3.59 months of import cover) recorded on 1st August 2018 (Source: RBM). The Kwacha is expected to remain stable in the short term, backed by continued foreign exchange inflows from the ongoing tobacco auction sales. As at the end of week 17 of the tobacco auctions on 3rd August 2018, USD285.16m had been realised, compared to USD209.89m realised during a corresponding period in 2017. The tobacco auction market is expected to close towards the end of this month (Source: TCC).

Treasury Bill market

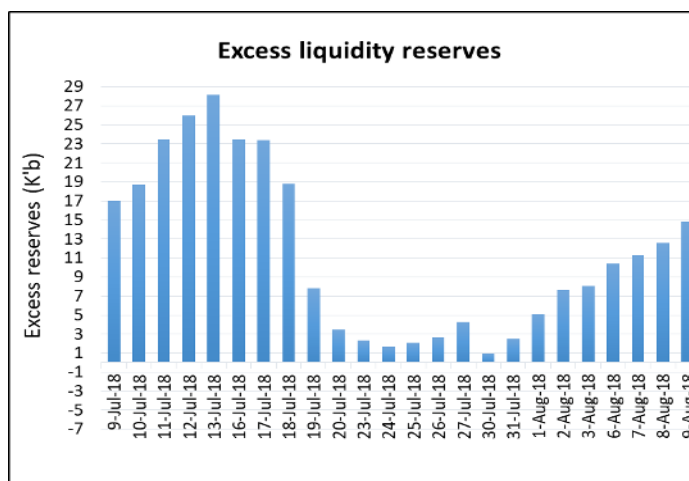
Government raised a total of K6.46b through Treasury Bill auctions conducted during the week, a decrease of 35.12% when compared to K9.96b raised in the previous week. The auctions registered a rejection rate of 46%. The average yield was steady at 14.50% (Source: RBM). Treasury Bill yields are expected to remain stable in the near-term. However, persistent inflation risks threaten continued stability of interest rates in general in the medium to long term.

Interbank market activity

Liquidity levels increased during the week, with excess reserves increasing to a daily average of K11.44b from K4.09b the previous week. Consequently, total amount accessed on the Lombard Facility decreased by 20.13% to K52.64b compared to K65.91b accessed during the previous week. The daily average volume traded on the interbank market decreased slightly to K9.82b from K9.92b the previous week. The average overnight interbank rate increased to 15.44% from 15.27% the previous week. There were no Open Market Operations (OMO) during the week (Source: RBM). We expect interbank rates to remain elevated in the short term, owing to the continued relatively low liquidity in the market.

Stock market indices				
	10-Aug-18	% Δ		3-Aug-18
MASI	31,282.19	↑ 0.06%		31,263.14
DSI	20,531.06	↑ 0.08%		20,513.69
FSI	8,237.32	↑ 0.00%		8,237.32
Traded volume	10,803,035	↑ 645.56%		1,448,978
Market capitalisation (K' b)	1,386.59	↑ 0.06%		1,385.75
Gainers	Current price (K)	% Δ		Previous price (K)
NBM	310.01	↑ 0.003%		310.00
Losers	Current price (K)	% Δ		Previous price (K)
None				
Treasury Bill auctions				
	Auction held on 7			Auction held on 31
Tenor (days)	August 2018	% Δ		July 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%
Alloted (K' m)	6,460.30	↓ -35.12%		9,956.80
Overall rejection (K' m)	5,502.50			0.00
Projected maturities				
Week ending	10-Aug-18			Aug-18
TBs, PNs & TNs	4,287			23,320
OMO	6,404			46,528
Inflation				
Month	Jun-18	% pts Δ		May-18
Rate	8.60%	↓ -0.30		8.90%
Cumulative tobacco sales as at 3rd August 2018 (week 17)				
Year	2018	% Δ		2017
Volume (Kg)	164,317,002	↑ 56.12%		105,247,828
Value (USD)	285,155,045	↑ 35.86%		209,892,211
Average price (USD/Kg)	1.74	↓ -12.56%		1.99
% of GDP	6.16	↑ 35.86%		4.53
RBM indicative mid exchange rates				
Currency	10-Aug-18	% Δ		3-Aug-18
USD	726.1091	↓ 0.02%		725.9868
GBP	929.5649	↑ -1.43%		943.0569
ZAR	52.9061	↑ -1.67%		53.8071
EUR	831.1045	↑ -1.13%		840.6201
Gross official foreign exchange reserves position				
	8-Aug-18	1-Aug-18		27-Jul-18
Reserves (USD'm)	752.79	750.83		754.24
Import cover (months)	3.60	3.59		3.61

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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