

MASI gains

The Malawi All Share Index (MASI) gained by 2.30% during the week to close at 27716.55 points on account of share price increases in BHL, NBM, NITL, SUNBIRD, TNM and OML. The total value traded increased by 19.83% to K2.11b from K1.76b recorded the previous week. A total of 21,141,049 shares were traded during the week compared to 43,680,044 shares that were traded the previous week. Year to date return on the MASI stands at 28.33% (2017:16.94%). There was no trade on the listed government securities during the week (*Source: MSE*).

Exchange rate movements

During the week the Kwacha was steady against USD, appreciated against GBP and EUR, and depreciated against ZAR. Gross official reserves marginally decreased to USD635.05m (3.04 months of imports) as at 9th May 2018 from USD637.7m (3.05 months of imports) recorded on 4th May 2018 (*Source: RBM*). We expect the Kwacha to remain stable in the short to medium term backed by an improvement in foreign exchange reserves during the Tobacco marketing season and following the approval of the new IMF Extended Credit Facility.

Treasury Bill auctions

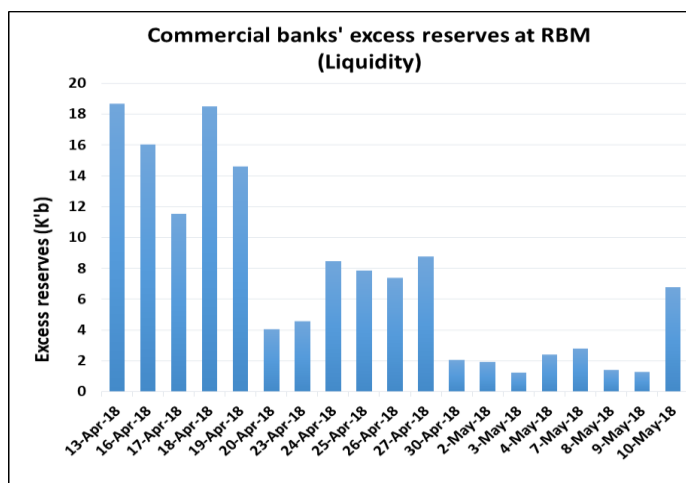
The Government raised a total of K9.22b through Treasury Bill auctions during the week, compared to K8.59b raised in the previous week. There were no rejected applications during the week. The average yield was steady at 14.50% (*Source: RBM*). Looking forward, Treasury Bill yields could remain steady 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 decreased by 16.52% during the week to a daily average of K2.93b from K3.51b the previous week. Consequently, the average overnight interbank rate increased to 15.01% from 14.30%. The daily average volume traded on the interbank market decreased to K6.49b from K6.65b the previous week. A total of K97.12b was accessed on the Lombard Facility at a rate of 18.00%, compared to K64.84b during the previous week at the same rate. No mop-up open market operations (OMO) were conducted by RBM (*Source: RBM*). We expect increased upward liquidity pressures during the agricultural marketing season and the RBM to intensify mop-up operations during the period in order to reduce unfavorable effects of liquidity on inflation.

Stock market indices				
	11-May-18		% Δ	4-May-18
MASI	27716.55	↑	2.30%	27092.17
DSI	18726.86	↑	3.13%	18158.46
FSI	6744.11	↑	0.01%	6743.62
Market capitalisation (K' b)	15,682.33	↑	0.18%	15,654.62
Number of deals	33	↑	83.33%	18
Value of shares traded (K' m)	2,111.63	↑	19.83%	1,762.11
Gainers	Current price (K)		% Δ	Previous price (K)
BHL	32.33	↑	15.46%	28.00
NBM	297.00	↑	4.21%	285.00
NITL	63.50	↑	11.44%	56.98
SUNBIRD	141.00	↑	2.82%	137.13
TNM	19.95	↑	10.83%	18.00
OML	2935.01	↑	0.00%	2935.00
Losers	Current price (K)		% Δ	Previous price (K)
None				
Average Treasury Bill yields				
Tenor (days)	Auctions held on 8 and 10 May		% pts Δ	Auctions held on 2 and 3 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)	0.00	↓	-35.00	0.35
Alloted (K' m)	9,224.37	↑	7.36%	8,592.38
Expected maturities				
Week ending	11-May-18		18-May-18	25-May-18
TBs, PNs & TNs	6,205		8,064	2,571
OMO	37,022		2,932	10,948
Inflation				
Month	Mar-18		% pts Δ	Feb-18
Rate	9.90%	↑	2.10	7.80%
Cumulative tobacco sales (week 4)				
Year	2018		% Δ	2017
Volume (Kg)	29,123,769	↑	116.61%	13,445,061
Value (USD)	44,315,793	↑	91.22%	23,175,008
Average price (USD/Kg)	1.52	↓	-11.63%	1.72
RBM indicative mid exchange rates				
Currency	11-May-18		% Δ	4-May-18
USD	726.0382	→	0.00%	726.0382
GBP	982.1845	↑	-0.35%	985.5969
ZAR	58.9302	↓	2.21%	57.6569
EUR	865.1471	↑	-0.58%	870.2294
Gross official foreign exchange reserve position				
	9-May-18		4-May-18	27-Apr-18
Reserves (USD'm)	635.05		637.7	640.56
Import cover (months)	3.04		3.05	3.06

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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