# Weekly update – 12th April 2019

### Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 0.90% to close the week at 27,044.70 points from 27,290.96 points as at the close of the previous week, on account of share price losses in NBS (-7.12%) and STANDARD (-12.13%) which outweighed share price gains in MPICO (14.83%) and NBM (1.58%). The market registered a decrease of 69.60% in the volume of shares traded to 1,913,200 from 6,293,492 and a decrease of 95.53% in the value of traded shares to K47.30m from K1.06b in the previous week. The year-to-date return on the MASI closed the week at negative 6.69% compared to 15.75% recorded during a corresponding period in 2018. There was no trade on the listed bond market *(Source: MSE)*.

### Corporate news

In a press statement on 11th April 2019, Frankfurt-listed FinTech, MyBucks announced that it is merging its operations in Malawi (New Finance Bank and GetBucks), and rebranding the operation to MyBucks Banking Corporation. According to the statement, the move forms part of MyBucks Group's strategy to increase and grow its banking presence in high-growth markets, consolidate its operations and streamline its services to enable fast, always-on technology-driven financial services to clients *(Source: NFB)*. NFB has a K4.05b bond listed on MSE.

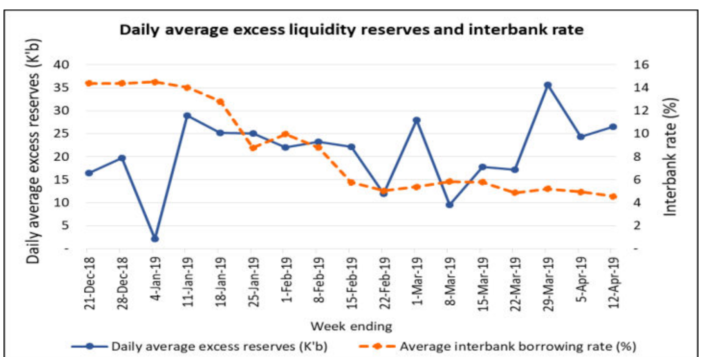
### Government securities

Government raised a total of K13.63b through a Treasury Bill auction during the week compared to a total of K19.42b that was raised in a similar auction during the previous week. The auction registered a rejection rate of 78.26% compared to the rejection rate of 65.03% in the previous week. Maturities for the week amounted to K15.04b, resulting in a net injection of K1.41b. There were no open market operations conducted by RBM during the week *(Source: RBM)*.

The all-type average TB yield decreased to 10.18% during the week from 10.37% the preceding week, due to a decrease in the 91-day yield to 9.35% from 9.40%, the 182-day yield to 10.21% from 10.36% and the 364-day yield to 10.97% from 11.35% (*Source: RBM*).

### Interbank market activity

Liquidity levels remained elevated during the week as excess liquidity reserves increased to an average of K26.53b per day compared to K24.28b in the previous week. Consequently, there was no access to the Lombard facility during the week as was the case in the preceding week. The interbank market volume decreased to an average of K5.04b per day from K7.79b the previous week, and the average overnight interbank rate decreased to 4.44% from 4.95% *(Source: RBM)*. Liquidity levels are expected to remain high in the short to medium term owing to reduced reserve requirement ratio, proceeds from agricultural sales and increased expenditure as well as subdued demand for loans as we approach the general elections in May 2019, among other factors.




*(Source: RBM)*

### Foreign exchange market developments

The Kwacha appreciated by 0.20% against GBP during the week and depreciated against USD, ZAR and EUR by 0.17%, 1.10% and 0.69%, respectively. The USD/MWK indicative middle rate increased to 734.3005 from 733.0712 the previous week. Gross official forex reserves stood at USD837.49m (4.01 months of import cover) on 28th February 2019, increasing by 6.00% from USD790.28m (3.78 months of import cover) on 31st January 2019 (*Source: RBM*). We expect an increase in forex inflows in the short to medium term with the commencement of the agricultural marketing season this month.

| Stock market | | | |
|---|---|---|---|
| | **12-Apr-19** | **% Δ** | **5-Apr-19** |
| MASI | 27,044.70 | -0.90% | 27,290.96 |
| DSI | 20,249.66 | -1.09% | 20,471.84 |
| FSI | 4,521.94 | 0.00% | 4,521.94 |
| Traded volume | 1,913,200 | -69.60% | 6,293,492 |
| Number of trades | 41 | -33.87% | 62 |
| Value of shares traded (K'm) | 47.30 | -95.53% | 1,059.01 |
| Market capitalisation (K'm) | 1,268,060.21 | -0.57% | 1,275,346.76 |
| **Gainers** | **Current price (K)** | **% Δ** | **Previous price (K)** |
| MPICO | 15.02 | 14.83% | 13.08 |
| NBM | 320.00 | 1.58% | 315.01 |
| **Losers** | **Current price (K)** | **% Δ** | **Previous price (K)** |
| NBS | 9.00 | -7.12% | 9.69 |
| STANDARD | 499.99 | -12.13% | 569.00 |
| **Treasury Bill auctions** | | | |
| **Auction date** | **9-Apr-19** | **% pts Δ** | **2-Apr-19** |
| 91 days yield | 9.35% | -0.05 | 9.40% |
| 182 days yield | 10.21% | -0.14 | 10.36% |
| 364 days yield | 10.97% | -0.38 | 11.35% |
| All-type yield | 10.18% | -0.19 | 10.37% |
| Applied - cost value (K'm) | 62,716.49 | 12.94% | 55,529.67 |
| Alloted - cost value (K'm) | 13,632.50 | -29.81% | 19,420.97 |
| Overall rejection rate | 78.26% | 13.24 | 65.03% |
| **Upcoming Treasury Note auctions** | | | |
| **Tenor** | **Auction date** | **Settlement date** | **Previous auction's yield** |
| 7 years | 23-Apr-19 | 25-Apr-19 | 24.00% |
| 2 years | 28-May-19 | 30-May-19 | 17.32% |
| 3 years | 25-Jun-19 | 27-Jun-19 | 14.77% |
| **Projected maturities** | | | |
| **Week ending** | **12-Apr-19** | **18-Apr-19** | **26-Apr-19** |
| TBs, PNs & TNs (K'm) | 15,037 | 16,340 | 15,039 |
| OMO (K'm) | 0 | 0 | 0 |
| **Inflation** | | | |
| | **Feb-19** | **% pts Δ** | **Jan-19** |
| Rate | 7.90% | -0.90 | 8.80% |
| **RBM indicative mid exchange rates** | | | |
| | **12-Apr-19** | **% Δ** | **5-Apr-19** |
| USD | 734.3005 | 0.17% | 733.0712 |
| GBP | 959.2902 | -0.20% | 961.2030 |
| ZAR | 52.4823 | 1.10% | 51.9106 |
| EUR | 828.8050 | 0.69% | 823.0923 |
| **Gross official foreign exchange reserves position** | | | |
| | **28-Feb-19** | **31-Jan-19** | **31-Dec-18** |
| Reserves (USD'm) | 837.49 | 790.28 | 755.22 |
| Import cover (months) | 4.01 | 3.78 | 3.61 |

*(Sources: MSE, RBM, NSO)*

| Published annual financial results for 2018 | | | |
|---|---|---|---|
| | **2018 PAT (K'b)** | **Movement** | **2017 PAT (K'b)** |
| **Listed company** | | | |
| Blantyre Hotels Plc | 0.35 | -31% | 0.51 |
| ILLOVO Sugar Malawi Plc | 16.45 | 113% | 7.74 |
| Mpico Plc | 6.78 | 33% | 5.09 |
| National Bank of Malawi Plc | 15.97 | -17% | 19.15 |
| National Investment Trust Plc | 1.42 | -39% | 2.33 |
| NBS Bank Plc | 1.70 | 256% | (1.09) |
| Standard Bank Malawi Plc | 10.58 | -13% | 12.16 |
| Sunbird Tourism Plc | 2.56 | 5% | 2.43 |
| **Unlisted financial institutions** | | | |
| Ecobank Ltd | 5.01 | 30% | 3.86 |
| FDH Bank Ltd | 5.97 | 694% | (1.00) |
| FDH Financial Holdings Ltd | 7.82 | 8166% | 0.09 |
| First Discount House Ltd | 1.13 | -17% | 1.35 |
| New Finance Bank Ltd | 0.77 | 140% | -1.92 |



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