

MASI gains

During the week, the MASI gained by 2.22% to 15606.11 points on account of price gains in ILLOVO, NICO, PCL, STANDARD and TNM. A total of 11,209,600shares were traded at K333.43mn compared to 33,544,571 shares transacted at K502.07mn the previous week. Year to date return on the MASI stands at 17.16% (2016: -14.07%). (Source: MSE).

Corporate updates

NBS Bank issued its first announcement proposing to raise approximately K11.8 billion by way of a fully underwritten renounceable rights issue of 2,182,930,017 new ordinary shares at K5.40 per share on the basis of 3 new ordinary shares for every 1 existing ordinary share. The issue price represents a 10% discount on the volume weighted average price of K6 per share traded over a period of 90 days immediately prior to 9 May 2017. The purpose of the rights issue is to recapitalize the Bank so that it can be compliant with the capital adequacy regulations applicable to banks in Malawi (Source: MSE).

Kwacha depreciates

As at 8 May 2017, the Kwacha depreciated against all major trading currencies. Gross official reserves decreased to USD571.83 (2.47 months of imports) as at 10th May 2017 from USD575.18mn (2.75 months of imports) recorded on 5th May 2017. In the short to medium term, we expect the Kwacha to remain generally stable as the tobacco market is open (Source: AHL).

Treasury Bill auction registers a 65% rejection

At the Treasury Bill auction held during the week, K3.75bn was raised. The average yield marginally declined to 22.29 from 22.39% the previous week. The auction registered an 64.9% rejection. (Source: RBM). We expect Treasury bill yields to remain around 22% in the short to medium term.

Headline inflation drops to 14.6%

Headline inflation for April 2017 dropped to 14.6% from 15.8% the previous month. Headline inflation for April 2016 was 20.9%. The urban and rural rates stand at 12.5% and 16.2% respectively. The decline was mainly driven by a fall in food inflation which dropped to 14.7% from 17%. In the next few months, headline inflation is expected to continue declining, reaching a low of 14.2% by June 2017, reflecting seasonal improvement in food supply, stability of the exchange rate, and low international oil prices (Source: NSO/RBM).

Interbank market

Liquidity improved during the week to a daily average of K4.43bn from K1.84bn the previous week. However, the weekly average overnight interbank rate marginally rose to 21.51% from 21.49%. Total volume traded on the interbank market to Thursday was K30.07bn from K16.73bn the previous week. Access to the Lombard Facility decreased to K48.65bn from K90.12bn. Total maturities for the week amounted to K25.18bn. RBM withdrew K21.347bn from the market through OMOs at an average rate of 21.5%. (Source: RBM). We expect the interbank rate to remain stable about 2% below the policy rate of 22%.

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Stock market indices			
	12-May-17	% pts Δ	05-May-17
MASI	15606.11	2.22%	15266.66
DSI	12254.44	2.24%	11985.58
FSI	2325.21	0.71%	2308.87
Market capitalisation (K' bn)	9,787.78	0.81%	9,709.03
Deals	32	100.00%	16
Value of shares traded (K' mn)	333.43	-33.59%	502.07
Gainers	Current price (K)	Δ	Previous price (K)
ILLOVO	216.05	0.48%	215.01
NICO	12.01	6.85%	11.24
PCL	570.00	5.56%	540.00
STANDARD	560.00	0.90%	555.00
TNM	9.34	9.75%	8.51
Losers	Current price (K)	Δ	Previous price (K)
NONE			
Treasury bill yields			
Tenor (days)	2-May-17	Δ	25-Apr-17
91	21.48%	0.10%	21.38%
182	22.08%	-0.40%	22.48%
364	23.30%	0.00%	23.30%
All-type	22.29%	-0.10%	22.39%
Overall rejection rate	64.90%	3.85%	61.05%
Alloted (K' bn)	3.75	100.86%	1.87
Expected maturities			
Week ending	12-May-17	19-May-17	26-May-17
TBs, PNs & TNs	8,916	8,556	2,047
OMO	16,261	13,286	4,674
Inflation rates			
Month	Apr-17	Δ	Mar-17
Rate	14.60%	-1.20%	15.80%
Cumulative Tobacco sales (Week 4)			
Year	2017	Δ	2016
Volume (Kg)	19,336,342	44.61%	13,371,690
Value (USD)	33,451,872	102.82%	16,493,578
Average price (USD/ Kg)	1.73	40.25%	1.23
RBM - Mid exchange rates			
Currency	8-May-17	Δ	5-May-17
USD	726.18	0.00%	726.16
GBP	941.64	0.23%	939.51
ZAR	53.92	1.35%	53.20
EUR	797.85	-0.10%	797.04
Gross official foreign exchange reserve position			
	10-May-17	5-May-17	28-Apr-17
Reserves (USD'mn)	571.83	575.18	552.91
Import cover (months)	2.47	2.75	2.65
Government bonds (Interest due dates 30 June & 31 Dec)			
Counter bonds	(K'mn)	Maturity date	Coupon rate
MW3YNR	106,870	30-Jun-17	15.00%