

Malawi Stock Exchange trading activity

The Malawi All Share Index (MASI) lost by 1.79% to close the week at 31,260.83 from 31,832.16 the previous week on account of share price losses in ILLOVO, NICO, STANDARD and TNM which outweighed share price gains in BHL, NBM, NBS and PCL. The volume of shares traded on the market increased by 5.64% to 8,781,401 from 8,312,347 the previous week. Consequently, the value of shares traded increased to K1.35b from K366.86m the previous week. The year-to-date return on the MASI stands at 44.74%, slightly more than 44.12% for the corresponding period in 2017. There were no trades on the listed bond market (Source: MSE).

Corporate news

On 8th October 2018, FMB Bank announced its rebranding to First Capital Bank as part of wider reforms to create a unified brand identity for FMB Capital Holdings PLC in the Southern Africa region (Source: The Nation).

Foreign exchange market developments

The Kwacha marginally appreciated against the USD during the week, with the RBM indicative middle rate closing the week at USD/MWK728.0960 from USD/MWK728.2447 as at the end of the previous week. The Kwacha, however, depreciated against the ZAR, GBP and EUR. Gross official foreign exchange reserves were observed at USD690.48 (3.30 months of import cover) on 4th October 2018, down from USD727.63m (3.48 months of import cover) recorded on 28th September 2018 (Source: RBM).

Government securities market

Government raised a total of K16.73b through auctions of Treasury securities during the week: - K10.67b for a 3 year Treasury Note (TN) and K6.06b for Treasury Bills (TB), compared to K1.97b raised through TB auctions the previous week. Maturities for the week amounted K8.24b, resulting in a net withdrawal of K8.49b (Source: RBM).

The average yield for TBs increased to 14.50% from 14.49% the previous week due to an increase in the 91-day yield to 14.00% from 13.99% and the 182-day yield to 14.50% from 14.49%, while the 364-day yield remained stable at 15.00%. The average yield for the 3 year TN was 20% (Source: RBM).

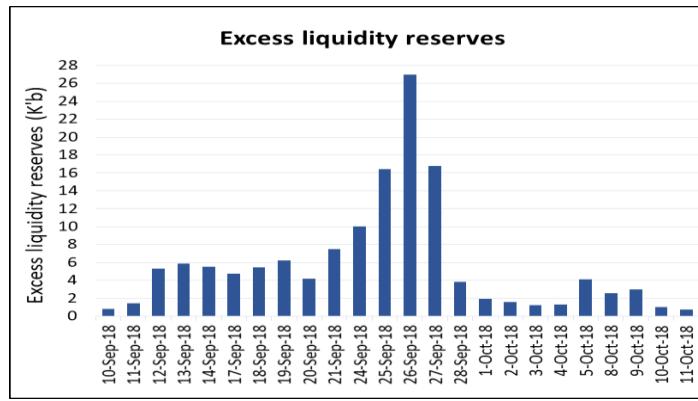
Looking forward, TB yields are expected to remain stable in the short term as the Policy rate was maintained at 16%. However, in the medium to long term, interest rate stability is threatened by rising inflation pressures emanating mainly from increasing food and fuel prices and electricity tariffs. MERA recently approved a 31% upward adjustment in electricity tariffs to be implemented over a period of four years with 20% effective 1st October 2018, and a 5% upward adjustment in fuel prices effective 6th October 2018 (Source: MERA).

Interbank market activity

Liquidity levels increased by 16.58% to a daily average of K2.28b from K1.95b the previous week. Accordingly, the total amount accessed from the Lombard Facility decreased by 53.66% to K26.97b compared to K58.19b accessed during the previous week. The Lombard rate remained fixed at 18.00%. The daily average volume traded on the interbank market increased by 22.86% to K11.58b from K9.43b the previous week. The average overnight interbank rate rose to 15.17% from 14.87% the previous week. There were no Open Market Operations (OMO) by RBM during the week (Source: RBM).

Stock market			
	12-Oct-18	% Δ	5-Oct-18
MASI	31,260.83	↓ -1.79%	31,832.16
DSI	20,608.16	↓ -2.47%	21,129.05
FSI	8,137.74	↑ 0.00%	8,137.74
Traded volume	8,781,401	↑ 5.64%	8,312,347
Number of trades	43	↓ -50.00%	86
Value of shares traded (K'm)	1,348.13	↑ 267.48%	366.86
Market capitalisation (K'b)	1,385.65	↓ -1.80%	1,411.02
Gainers	Current price (K)	% Δ	Previous price (K)
BHL	12.30	↑ 8.75%	11.31
NBM	325.00	↑ 1.56%	320.00
NBS	9.20	↑ 2.11%	9.01
PCL	965.83	↑ 13.63%	850.00
Losers	Current price (K)	% Δ	Previous price (K)
ILLOVO	204.85	↓ -0.07%	205.00
NICO	51.00	↓ -1.92%	52.00
STANDARD	670.00	↓ 0.00%	670.01
TNM	24.50	↓ -14.54%	28.67
Treasury Bill auctions			
	9-Oct-18	% pts Δ	2, 3 & 4 Oct 2018
91 days yield	14.00%	↑ 0.01	13.99%
182 days yield	14.50%	↑ 0.01	14.49%
364 days yield	15.00%	↑ 0.00	15.00%
All-type yield	14.50%	↑ 0.01	14.49%
Allotted - cost value (K'm)	6,058.72	↑ 207.64%	1,969.44
Overall rejection rate	0.00%	↑ 0.00	0.00%
Treasury Note auctions			
	10-Oct-18	9-Oct-18	28-Sep-18
Tenor	3 Years	3 Years	2 Years
Offered (K'b)			
Applied for - face value (K'b)	8.78	8.40	2.94
Allotted- face value (K'b)	8.78	3.50	2.94
Allotted - cost value (K'b)	7.63	3.04	2.86
Allotted - weighted average ytm	20.00%	20.00%	15.32%
Projected maturities			
Week ending	12-Oct-18	19-Oct-18	26-Oct-18
TBs, PNs & TNs (K'm)	6,011	18,484	5,766
OMO (K'm)	2,224	6,463	14,700
Inflation			
Rate	Aug-18	% pts Δ	Jul-18
	9.30%	↑ 0.30	9.00%
Final cumulative tobacco sales for 2018 versus final for 2017			
	2018 Final	% Δ	2017 Final
Volume (Kg)	202,002,664	↑ 89.61%	106,536,815
Value (USD)	337,496,583	↑ 58.81%	212,514,063
Average price (USD/Kg)	1.67	↓ -16.08%	1.99
% of GDP	7.29	↑ 58.81%	4.59
RBM indicative mid exchange rates			
	12-Oct-18	% Δ	5-Oct-18
USD	728.0960	↑ -0.02%	728.2447
GBP	963.8535	↓ 1.76%	947.1551
ZAR	50.0069	↓ 1.93%	49.0589
EUR	844.9554	↓ 0.85%	837.8455
Gross official foreign exchange reserves position			
	4-Oct-18	28-Sep-18	31-Aug-18
Reserves (USD'm)	690.48	727.63	753.52
Import cover (months)	3.30	3.48	3.61

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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