

MASI gains

The Malawi All Share Index (MASI) gained by 0.14% to close the week at 25044.04 points due to a share price increase in NBM which offset a share price decrease in NITL. Total value traded decreased by 74.27% to K397.67m from K1,545.39m recorded the previous week. A total of 36,276.318 shares were traded during the week compared to 28,701,017 shares transacted the previous week. Year to date return on the MASI stands at 15.95% (2017: 10.54%). There was no trade on the listed government securities during the week (*Source: MSE*).

Treasury Bills

The Malawi Government raised a total of K21.53b through Treasury bill auctions during the week, compared to K22.49b raised during the previous week. The average yield was steady at 14.50%. The auctions registered no rejection (*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

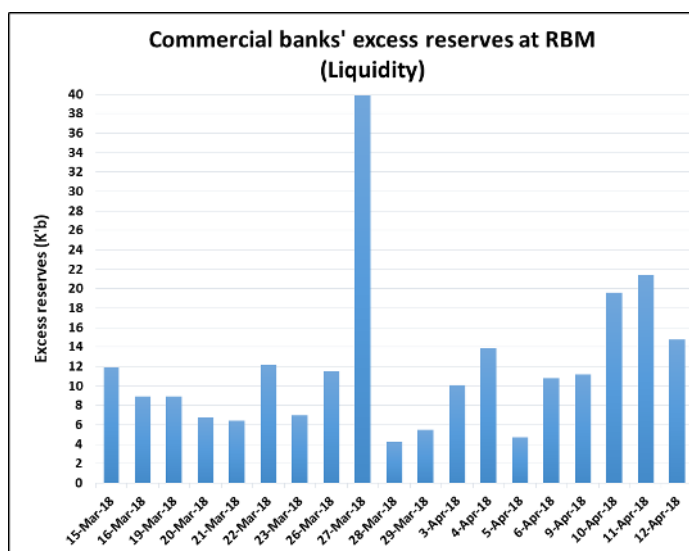
Liquidity (measured by commercial banks' excess reserves at RBM) increased during the week to a daily average of K15.75b from K9.58b the previous week. The average overnight interbank rate marginally decreased to 14.08% from 14.10%. The daily average volume traded on the interbank market decreased to K6.15b from K10.65b the previous week. A total of K11.65b was accessed on the Lombard Facility during the week at a rate of 18.00%, compared to K19.52b during the previous week at the same rate. No mop-up open market operations (OMO) were conducted by RBM. (*Source: RBM*). We expect upward liquidity pressures to heighten 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.

Kwacha exchange rate movements

While the Kwacha was steady against the USD during the week it appreciated against the ZAR and depreciated against the GBP and the EUR. Gross official reserves slightly increased to USD654.16m (3.13 months of imports) as at 9th April 2018 from USD653.72m (3.13 months of imports) recorded on 6th April 2018 (*Source: RBM*). We expect the improvement in foreign exchange reserves to be more pronounced in the short to medium term following the commencement of the Tobacco marketing season.

Stock market indices				
	13-Apr-18	% Δ	6-Apr-18	
MASI	25044.04	↑ 0.14%	25009.79	
DSI	17788.57	↑ 0.18%	17757.36	
FSI	5197.43	→ 0.00%	5197.43	
Market capitalisation (K' b)	12,732.09	↑ 0.01%	12,730.57	
Deals	42	↑ 61.54%	26	
Value of shares traded (K' m)	397.67	↓ -74.27%	1,545.39	
Gainers				
	Current price (K)	% Δ	Previous price (K)	
NBM	284.14	↑ 1.48%	280.00	
Losers				
	Current price (K)	% Δ	Previous price (K)	
NITL	56.98	↓ -5.13%	60.06	
Treasury Bill yields				
Auctions held on		% pts Δ	Auctions held on	
Tenor (days)	10,12 & 13 April 2018		3 & 5 April 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 rate	0.00%	→ 0.00	0.00%	
Alloted (K' b)	21.53	↓ -4.27%	22.49	
Expected maturities				
Week ending	13-Apr-18	20-Apr-18	Apr-18	
TBs, PNs & TNs	17,113	10,877	29,687	
OMO	25,133	27,793	70,542	
Inflation				
Month	Feb-18	% pts Δ	Jan-18	
Rate	7.80%	↓ -0.30	8.10%	
RBM indicative exchange rates				
Currency	13-Apr-18	% Δ	6-Apr-18	
USD	725.7456	→ 0.00%	725.7456	
GBP	1033.0263	↓ 1.69%	1015.8987	
ZAR	60.2039	↑ -0.42%	60.4586	
EUR	894.6992	↓ 0.73%	888.2400	
Gross official foreign exchange reserve position				
	9-Apr-18	6-Apr-18	31-Mar-18	
Reserves (USD'm)	654.16	653.72	672.9	
Import cover (months)	3.13	3.13	3.22	

(Sources: MSE, RBM, NSO)



(Source: RBM)

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