

### MSE trading activity

The Malawi All Share Index (MASI) gained by 0.74% to close the week at 31,034.58 from 30,808.06 the previous week, due to a share price increase in TNM. 2,023,848 shares exchanged hands during the week compared to 383,591 the previous week, representing an increase of 427.61%. Year to date return on the MASI stands at 43.69% (same period in 2017:21.96%). There was no trade on the listed government and corporate bonds (Source: MSE).

On 9<sup>th</sup> July 2018, New Finance Bank Malawi Limited (NFB) listed on MSE a K4.05b medium term note maturing on 28<sup>th</sup> June 2021, with a coupon rate of 17% payable quarterly. This is the first series of the planned programme of K14b.

### Foreign exchange market developments

During the week, the Kwacha marginally appreciated against the USD, GBP and EUR while depreciating against the ZAR. Gross official foreign exchange reserves increased to USD757.88m (3.63 months of import cover) as at 12<sup>th</sup> July 2018 from USD748.50m (3.58 months of import cover) recorded on 5<sup>th</sup> July 2018 (Source: RBM). The increase in official forex reserves was mainly on account of purchases from the market by RBM as forex supply increased due to the ongoing tobacco auction sales. As at the end of week 14 of the tobacco auctions on 13<sup>th</sup> July 2018, USD239.71m had been realised from tobacco sales, compared to USD186.46m realised during a corresponding period in 2017. The Kwacha is expected to remain fairly stable in the short to medium term as foreign exchange inflows continue during the Tobacco market season.

### Treasury Bill market

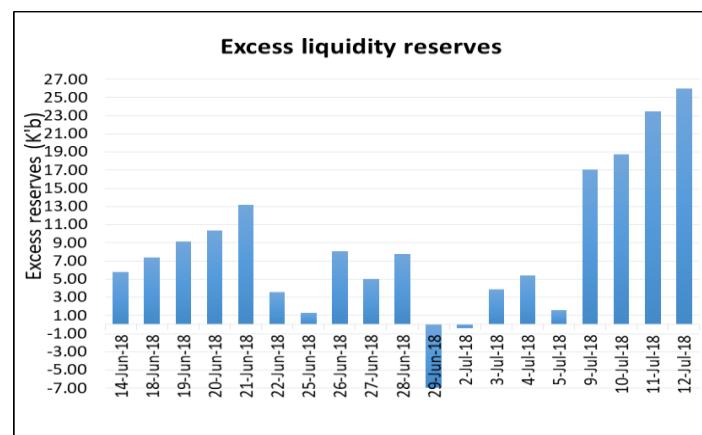
Government raised a total of K15.90b through the Treasury Bill auction conducted during the week, an increase of 660.77% when compared to K2.09b raised in the previous week. The auction registered no rejection. The average yield was steady at 14.50% (Source: RBM). Looking forward, Treasury Bill yields are expected to remain stable in the near-term, following the recent Monetary Policy Committee's (MPC) decision to maintain the policy rate at 16% during their meeting held on 3<sup>rd</sup> and 4<sup>th</sup> July 2018. Maintaining the monetary policy stance was aimed at containing persistent inflation risks and supporting disinflation towards the medium term objective of 5%.

### Interbank market activity

Liquidity increased during the week, with excess reserves significantly increasing to a daily average of K17.38b from K0.51b the previous week. Consequently, access on the Lombard Facility decreased to K12.60b compared to K37.44b accessed during the previous week. The daily average volume traded on the interbank market decreased to K7.00b from K7.34b the previous week. The average overnight interbank rate decreased to 15.38% from 15.56%. There were no Open Market Operations (OMO) by RBM during the week compared to K6.72b the previous week (Source: RBM).

Stock market indices			
	13-Jul-18	% Δ	5-Jul-18
MASI	31,034.58	↑ 0.74%	30,808.06
DSI	20,304.82	↑ 1.03%	20,098.3
FSI	8,237.82	➡ 0.00%	8,237.82
Market capitalisation (K' b)	1,375.62	↑ 0.74%	1,365.58
<b>Gainers</b>	<b>Current price (K)</b>	<b>% Δ</b>	<b>Previous price (K)</b>
TNM	25.00	↑ 4.17%	24.00
<b>Losers</b>	<b>Current price (K)</b>	<b>% Δ</b>	<b>Previous price (K)</b>
None			
Treasury Bill auctions			
Tenor (days)	Auction held on 10 July 2018		Auction held on 3
	% Δ		July 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	↓ -100.00%	7,452.00
Allotted (K' m)	15,901.80	↑ 660.34%	2,091.40
Projected maturities			
Week ending	13-Jul-18	20-Jul-18	Jul-18
TBs, PNs & TNs	23,428	15,968	44,387
OMO	609	7,704	59,634
Inflation			
Month	May-18	% pts Δ	Apr-18
Rate	8.90%	↓ -0.80	9.70%
Cumulative tobacco sales as at 13th July 2018 (week 14)			
Year	2018	% Δ	2017
Volume (Kg)	137,605,305	↑ 45.82%	94,365,361
Value (USD)	239,712,589	↑ 28.56%	186,457,105
Average price (USD/Kg)	1.74	↓ -12.12%	1.98
% of GDP	5.18	↑ 28.56%	4.03
RBM indicative mid exchange rates			
Currency	13-Jul-18	% Δ	5-Jul-18
USD	725.7091	↑ -0.01%	725.7646
GBP	956.1217	↑ -0.43%	960.2591
ZAR	54.7275	↓ 3.45%	52.9029
EUR	846.1768	↑ -0.30%	848.7091
Gross official foreign exchange reserve position			
	12-Jul-18	5-Jul-18	29-Jun-18
Reserves (USD'm)	757.88	748.50	728.10
Import cover (months)	3.63	3.58	3.48

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

**Disclaimer:** The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.