Weekly update – 13th September 2019

Malawi Stock Exchange (MSE) trading activity

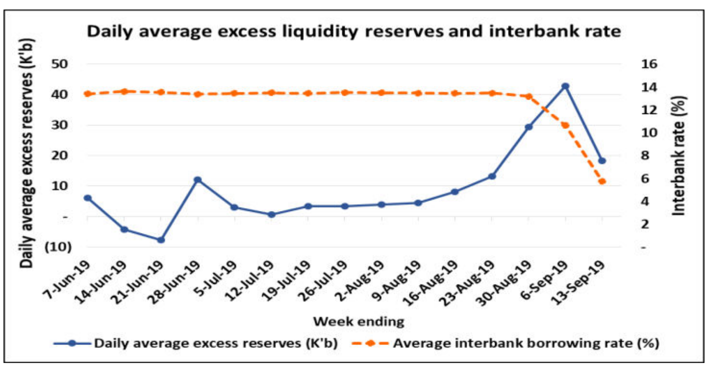
The Malawi All Share Index (MASI) gained by 0.17% to close the week at 29,348.68 points from 29,298.25 points the previous week due to share price gains in NBS and NICO which outweighed a share price loss in NITL. A total of 19,594,068 shares were traded at a consideration of K417.32m, compared to 1,138,229 shares traded in the previous week at a consideration of K46.36m. This represents a more than sixteen-fold increase in traded volume and an eight-fold increase in traded value. The year-to-date return on the MASI stands at 1.26% compared to 49.63% in the corresponding period in 2018 *(Source: MSE)*.

Government securities

Government raised K4.80b from Treasury Bill (TB) auctions during the week as planned, the same amount that was raised in the previous week. There was also an auction for a 10-year Treasury Note (TN) during which K5.29b was raised at an average yield of 18.04%. Open market operations (OMOs) for the week amounted to K15.50b while maturities amounted to K36.34b. Consequently, there was a net injection of K10.75b into the market. The all-type average TB yield decreased to 9.72% from 10.00% the previous week as the 91-day and 364-day TB yields decreased to 9.15% and 10.00%, respectively, from 9.40% and 10.60%, while the 182-day TB yield was constant at 10.00% (*Source: RBM*).

Interbank market activity

Excess liquidity reserves decreased to an average of K18.31b per day from K42.97b in the previous week. However, borrowing on the interbank market decreased to K3.70b from K6.85b in the previous week and the average interbank borrowing rate decreased to 5.75% from 10.64%. No amount was accessed on the Lombard facility during the week as was the case in the previous week *(Source: RBM)*.



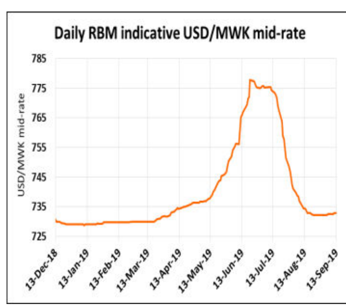
(Source: RBM)

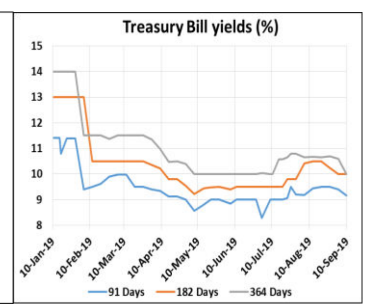
Foreign exchange market developments

The Kwacha depreciated against all the major trading currencies during the week. The USD/MWK indicative middle rate closed the week at 732.9182 from 732.5460 in the previous week. Gross official forex reserves remain high and stood at USD765.82m (3.66 months of import cover) on 30th June 2019, up from USD693.00m (3.30 months of import cover) on 31st May 2019 (*Source: RBM*).

Stock market			
	13-Sep-19	**% Δ**	**6-Sep-19**
MASI	29,348.68	0.17%	29,298.25
DSI	22,557.21	0.20%	22,511.71
FSI	4,272.58	0.00%	4,272.58
Traded volume	19,594,068	1621.45%	1,138,229
Number of trades	75	74.42%	43
Value of shares traded (K'm)	417.32	800.18%	46.36
Market capitalisation (K'm)	1,385,281.41	0.19%	1,382,685.45
Gainers	**Current price (K)**	**% Δ**	**Previous price (K)**
NBS	12.00	7.14%	11.20
NICO	48.50	0.021%	48.49
Losers	**Current price (K)**	**% Δ**	**Previous price (K)**
NITL	75.00	-0.01%	75.01
Projected maturities			
Week ending	**13-Sep-19**	**6-Sep-19**	**30-Aug-19**
TBs, PNs & TNs (K'm)	4,490	10,884	30,622
OMO (K'm)	31,851	0	0
Treasury Note auctions			
Date	**10-Sep-19**	**29-Aug-19**	**13-Aug-19**
Tenor	10 Years	3 Years	7 Years
Coupon rate	15.50%	9.00%	14.00%
Amount offered -cost value (K'b)	5.29	28.04	899.20%
Applied for - face value (K'b)	25.50	43.85	36.75
Allotted- face value (K'b)	5.98	31.00	10.15
Allotted - cost value (K'b)	5.29	28.03	8.93
Allotted - weighted average ytm	18.04%	13.87%	17.00%
Treasury Bill auctions			
Auction date	**10-Sep-19**	**% pts Δ**	**3-Sep-19**
Amount offered -cost value (K'm)	4,798.00	0.00%	4,798.00
Applied - cost value (K'm)	30,318.13	-5.01%	31,916.47
Alloted - cost value (K'm)	4,797.61	-0.0004%	4,797.63
Overall rejection rate	84.18%	-0.79	84.97%
91 days yield	9.15%	-0.25	9.40%
182 days yield	10.00%	0.00	10.00%
364 days yield	10.00%	-0.61	10.60%
All-type yield	9.72%	-0.29	10.00%
Current yields for Treasury Notes			
Tenor	**Current yield**	**Last auction**	**Next auction**
2- year	12.20%	6-Jun-19	7-Oct-19
3-year	13.87%	29-Aug-19	TBA
5-year	16.16%	18-Apr-19	23-Sep-19
7-year	17.00%	13-Jul-19	21-Oct-19
10-year	18.04%	10-Sep-19	TBA
Upcoming Treasury Note auctions			
Auction date	**Tenor**	**Amount (K'b)**	**Last coupon rate**
23-Sep-19	5 years	11.37	10.00%
7-Oct-19	2 years	15.87	8.00%
21-Oct-19	7 years	8.99	14.00%
Inflation			
	Jul-19	**% pts Δ**	**Jun-19**
Rate	9.30%	0.30	9.00%
Cumulative tobacco sales as at 23 August 2019 (week 18) versus 2018			
	Week 18 2019	**% Δ**	**Week 18 2018**
Volume (Kg' million)	143.90	-16.14%	171.60
Value (USD' million)	211.50	-28.76%	296.90
Average price (USD/Kg)	1.47	-15.03%	1.73
RBM indicative mid exchange rates			
	13-Sep-19	**% Δ**	**6-Sep-19**
USD	732.9182	0.05%	732.5460
GBP	905.0074	0.26%	902.6432
ZAR	50.2712	2.00%	49.2862
EUR	811.1206	0.31%	808.5843
Gross official foreign exchange reserves position			
	30-Jun-19	**31-May-19**	**30-Apr-19**
Reserves (USD'm)	765.82	696.30	766.10
Import cover (months)	3.66	3.33	3.67

(Sources: MSE, RBM, NSO)





(Source: RBM)

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