

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 6.07% during the week to close at 28,186.79 points from 26,572.93 points registered in the previous week. The increase was on account of share price gains in FMBCH, NICO, STANDARD and TNM. None of the counters registered share price losses. The volume of shares traded on the market increased by 10.25% to 8,177,077 from 7,417,063 the previous week, and the value of the shares traded increased by 75.92% to K0.49b from K0.28b the previous week. The year-to-date return on the MASI stands at 30.51%, lower than 61.26% recorded during the corresponding period in 2017. There were no trades on the listed bond market - no bond on MSE has ever been traded since its listing (Source: MSE).

Corporate news

On 28th November 2018, the Board of BHL approved an interim dividend of 8t per share, payable on 18th January 2019, to members whose names will appear in the company's share register as on 28th December 2018. The total number of issued shares on BHL is 839,750,705 (Source: MSE).

Government securities auctions

During the week, a total of K13.80b was raised through auctions for Treasury Bills (TB) and a 5 year Treasury Note (TN). Maturities for the week amounted K16.27b, resulting in a net injection of K2.47b. Applications for TBs during the week amounted K9.59b which resulted in a nil rejection rate, compared to total applications of K9.69b and a rejection rate of 6.36% during the previous week. Applications for the 5 year TN amounted to K5.00b (cost value: K4.21), and everything was allocated at a weighted average yield to maturity (YTM) of 20.50% (Source: RBM). The YTM for the 5 year TN has remained the same since its first auction on 20th November 2018.

While the yield for the 182-day TB slightly declined during the week to 13.40% from 13.50% the previous week, the 91-day and 364-day TB yields were stable at 11.42% and 14.00%, respectively, resulting in a decline of the all-type average TB yield to 12.94% from 12.97% the previous week (Source: RBM). Looking forward, yields on Government securities could continue to face a downward pressure due to the growing debate about high interest rates in Malawi. A bill on interest rate capping was discussed in Parliament on 13th December 2018 during which a committee was constituted and tasked to conduct further consultations on the matter.

Interbank market activity

Liquidity levels in the market increased during the week, with excess liquidity reserves averaging K17.61b per day compared to an average of K22.30b per day in the previous week. The average overnight interbank rate decreased to 14.41% from 14.66% for the previous week. The volume traded on the interbank market decreased by 19.51% to a daily average of K6.84b from K8.50b per day the previous week. There was no access to the Lombard Facility during the week, while a total of K3.25b was accessed during the previous week at the Lombard rate of 18.00%. There were no Open Market Operations (OMOs) conducted by RBM during the week (Source: RBM).

Foreign exchange market developments

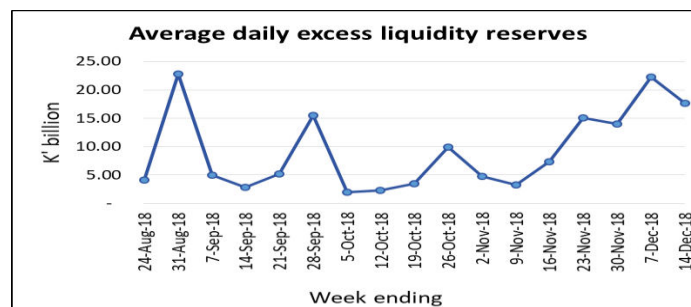
The Kwacha continued to appreciate against all the major trading currencies during the week. The indicative middle rate for USD/MWK closed the week at 729.9790 from 731.9817 recorded as at the end of the previous week. Gross official forex reserves stood at USD631.21m (3.04 months of import cover) on 30th November 2018, a decrease of 5.78% from USD669.92m (3.20 months of import cover) reported on 31st October 2018 (Source: RBM).

Inflation

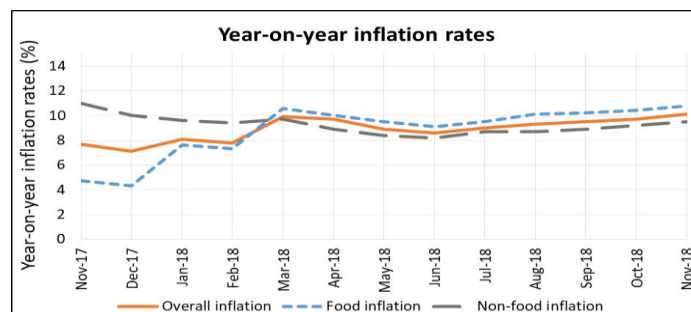
Year-on-year headline inflation rate stood at 10.1% in November 2018, up from 9.7% the previous month as both food and non-food prices went up, largely due to rising maize prices on the market and an upward adjustment in fuel prices during the month which has since been revised downwards to K923.50, K949.60 and K781.80 from K990.30, K990.40 and K785.00 per litre of Petrol, Diesel and Paraffin, respectively (Source: MERA). Year-on-year food inflation rose to 10.8% from 10.4% the previous month, while non-food inflation rate rose to 9.5% from 9.2% (Source: NSO).

Stock market				
	14-Dec-18		% Δ	7-Dec-18
MASI	28,186.79	↑	6.07%	26,572.93
DSI	21,072.20	↑	3.69%	20,321.63
FSI	4,769.67	↑	18.46%	4,026.50
Traded volume	8,177,077	↑	10.25%	7,417,063
Number of trades	91	↑	30.00%	70
Value of shares traded (K'b)	0.49	↑	75.92%	0.28
Market capitalisation (K'b)	1,249.39	↑	6.07%	1,177.86
Gainers	Current price (K)		% Δ	Previous price (K)
FMBCH	90.00	↑	20.00%	75.00
NICO	43.00	↑	1.18%	42.50
STANDARD	670.00	↑	11.67%	600.00
TNM	26.97	↑	7.79%	25.02
Losers	Current price (K)		% Δ	Previous price (K)
None				
Treasury Bill auctions				
	11 & 13 Dec 2018		% pts Δ	4 & 6 Dec 2018
91 days yield	11.42%	→	0.00	11.42%
182 days yield	13.40%	↓	-0.10	13.50%
364 days yield	14.00%	→	0.00	14.00%
All-type yield	12.94%	↓	-0.03	12.97%
Applied - cost value (K'm)	9,594.92	↓	-1.03%	9,694.45
Allotted - cost value (K'm)	9,594.92	↑	5.69%	9,077.98
Overall rejection rate	0.00%	↓	-6.36	6.36%
Treasury Note auctions				
	11-Dec-18		3-Dec-18	28-Nov-18
Tenor	5 Years		5 Years	5 Years
Applied for - face value (K'b)	5.00		2.50	1.50
Allotted- face value (K'b)	5.00		2.50	1.50
Allotted - cost value (K'b)	4.21		2.09	1.25
Allotted - weighted average ytm	20.50%		20.50%	20.50%
Projected maturities				
	14-Dec-18		7-Dec-18	Dec-18
TBs, PNs & TNs (K'm)	8,652		8,472	31,310
OMO (K'm)	7,618		5,174	52,222
Inflation				
	Nov-18		% pts Δ	Oct-18
Rate	10.10%	↑	0.40	9.70%
RBM indicative mid exchange rates				
	14-Dec-18		% Δ	7-Dec-18
USD	729.9790	↑	-0.27%	731.9817
GBP	921.9635	↑	-1.38%	934.8870
ZAR	51.3105	↑	-1.64%	52.1685
EUR	829.3291	↑	-0.37%	832.4096
Gross official foreign exchange reserves position				
	30-Nov-18		31-Oct-18	28-Sep-18
Reserves (USD'm)	631.21		669.92	727.63
Import cover (months)	3.04		3.20	3.48

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)



(Source: NSO)

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