

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 3.21% to close the week at 28,387.13 points from 29,329.86 points reported in the previous week, due to share price losses in FMBCH, ICON, NBS, NICO, PCL and TNM. The market registered significant increases in the value of shares traded during the week to K4.15b from K315.88m the previous week, and in the volume of traded shares to 4,571,146 from 453,437. The year-to-date return on the MASI stands at negative 2.06% compared to 5.25% recorded during a corresponding period in 2018. There was no trade on the listed bond market (*Source: MSE*).

Treasury Bill auctions

The Government raised a total of K17.06b through an auction for Treasury Bills (TB) during the week at an average yield of 10.50%. Applications for TBs for the week amounted K22.34b, representing a 23.63% rejection rate. During a similar auction in the previous week, a total of K116.24m was raised at an average yield of 10.45% and a rejection rate of 75.00% (*Source: RBM*).

Maturities for the week amounted K12.58b, resulting in a net withdrawal of K4.48b. There were no Open Market Operations (OMO) conducted by RBM during the week (*Source: RBM*).

The all-type (average) yield for TBs slightly increased to 10.50% during the week from 10.45% the previous week, on account of a slight increase in the 91-day yield to 9.50% from 9.40% while the 364-day yield was constant at 11.50%. The yield for the 182-day TB averaged 10.50% - there was no allotment for the 182-day TB in the previous week (*Source: RBM*). We expect TB yields to stabilise around this week's values in the near term as the market fully responds to the recent monetary policy changes, on the assumption that inflation remains contained within current levels.

Interbank market activity

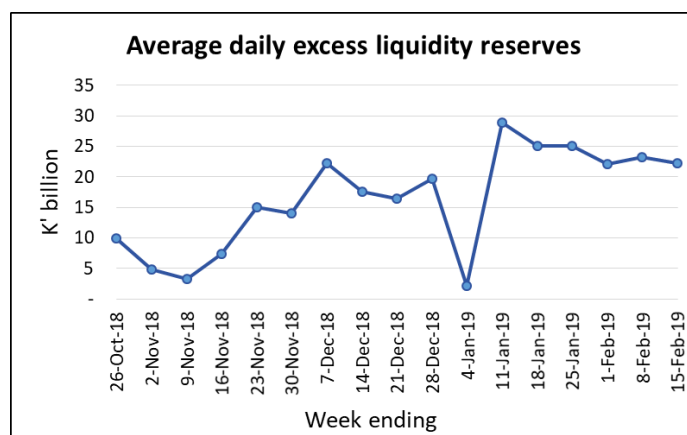
Liquidity levels remained high despite decreasing by 4.54% during the week; excess liquidity reserves averaged K22.18b per day compared to an average of K23.24b per day in the previous week. The average overnight interbank rate decreased to 5.76% from 8.80% for the previous week. The volume traded on the interbank market increased by 16.88% to a daily average of K12.17b from K10.41b per day the previous week. There was no access on the Lombard Facility during the week (*Source: RBM*).

Foreign exchange market developments

The Kwacha marginally depreciated against the USD during the week and appreciated against GBP, EUR and ZAR. The indicative middle rate for USD/MWK closed the week at 729.8276 from 729.7831 the preceding week. Gross official forex reserves stood at USD790.28m (3.78 months of import cover) on 31st January 2019, an increase of 4.64% from USD755.22m (3.61 months of import cover) reported on 31st December 2018 (*Source: RBM*).

Stock market			
	15-Feb-19	% Δ	8-Feb-19
MASI	28,387.13	↓ -3.21%	29,329.86
DSI	21,460.81	↓ -0.78%	21,629.24
FSI	4,521.94	↓ -14.12%	5,265.12
Traded volume	4,571,146	↑ 908.11%	453,437
Number of trades	70	↑ 94.44%	36
Value of shares traded (K'm)	4,153.94	↑ 1215.05%	315.88
Market capitalisation (K'b)	1,326.16	↓ -3.32%	1,371.68
Gainers	Current price (K)	% Δ	Previous price (K)
None			
Losers	Current price (K)	% Δ	Previous price (K)
FMBCH	85.00	↓ -15.00%	100.00
ICON	11.95	↓ -0.42%	12.00
NBS	9.99	↓ -0.10%	10.00
NICO	38.76	↓ -7.71%	42.00
PCL	1100.00	↓ -3.51%	1140.00
TNM	28.39	↓ -0.04%	28.40
Treasury Bill auctions			
	12-Feb-19	% pts Δ	5-Feb-19
91 days yield	9.50%	↑ 0.10	9.40%
182 days yield	10.50%		
364 days yield	11.50%	→ 0.00	11.50%
All-type yield	10.50%	↑ 0.05	10.45%
Applied - cost value (K'm)	22,341.35	↑ 4705.93%	464.87
Allotted - cost value (K'm)	17,061.44	↑ 14577.77%	116.24
Overall rejection rate	23.63%	↓ -51.36	75.00%
Upcoming Treasury Note auctions			
Tenor	Auction date	Settlement date	Previous auction's yield
3 years	26-Feb-19	28-Feb-19	20.00%
5 years	26-Mar-19	28-Mar-19	20.50%
7 years	23-Apr-19	25-Apr-19	24.00%
Projected maturities			
Week ending	15-Feb-19	8-Feb-19	Feb-19
TBs, PNs & TNs (K'm)	5,012	4,210	53,737
OMO (K'm)	7,564		60,320
Inflation			
Rate	Dec-18	% pts Δ	Nov-18
	9.90%	↓ -0.20	10.10%
RBM indicative mid exchange rates			
	15-Feb-19	% Δ	8-Feb-19
USD	729.8276	↓ 0.01%	729.7831
GBP	933.8874	↑ -1.17%	944.9232
ZAR	51.5623	↑ -3.67%	53.5279
EUR	823.4645	↑ -0.48%	827.4281
Gross official foreign exchange reserves position			
	31-Jan-19	31-Dec-18	30-Nov-18
Reserves (USD'm)	790.28	755.22	631.21
Import cover (months)	3.78	3.61	3.04

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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