

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) closed the week at 27,451.38 points, down by 1.77% from 27,946.78 points reported in the previous week due to share price losses in BHL, NITL and STANDARD which outweighed marginal share price gains in ICON, MPICO and TNM. The market registered a decrease of 96.06% in the volume of shares traded to 6,819,629 from 173,111,267 and a decrease of 73.44% in the value of traded shares to K706.90m from K2.66b in the previous week. The year-to-date return on the MASI stands at negative 5.29% compared to 14.94% recorded during the corresponding period in 2018. There was no trade on the listed bond market (Source: MSE).

Government securities

Government raised a total of K10.04b through an auction for Treasury Bills (TB) during the week compared to a total of K17.47b that was raised in the previous week during a similar auction, representing a 42.55% decrease. Applications for TBs during the auction amounted to K35.55b, resulting in a rejection rate of 71.77%. There was no rejection in the previous week's auction (Source: RBM). Maturities for the week amounted to K10.13b, resulting in a net injection of K0.09b. There were no auctions for Treasury Notes (TNs) and no open market operations conducted during the week.

TB yields for all tenors were constant during the week:- 91-day yield at 9.99%, 182-day yield at 10.50% and 364-day yield at 11.50%, thereby keeping the all-type (average) yield constant at 10.66% (Source: RBM). Looking forward, TB yields are expected to stabilise around these levels in the near term.

Interbank market activity

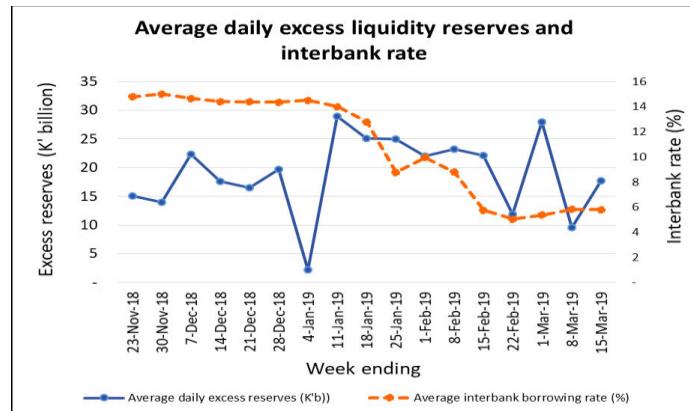
Liquidity levels increased during the week as excess liquidity reserves increased by 85.30% to an average of K17.77b per day compared to K9.59b in the previous week. Consequently, interbank market volume increased to an average of K11.84b per day from K6.24b the previous week, and the average overnight interbank rate decreased to 5.80% from 5.83%. Access to the Lombard facility also increased to a total of K19.10b from K10.10b at a fixed interest rate of 14.90% (Source: RBM). Liquidity levels are expected to remain relatively elevated in the short to medium term owing to reduced reserve requirement ratio, proceeds from agricultural sales during the harvest period beginning April and increased expenditure as we approach the general elections in May, among other factors.

Foreign exchange market developments

The Kwacha was stable against the USD during the week- the indicative middle rate for USD/MWK was constant at 729.8927. However, when compared to GBP, ZAR and EUR, the Kwacha depreciated by 1.14%, 0.35% and 1.05%, respectively. Gross official forex reserves stood at USD790.28m (3.78 months of import cover) on 31st January 2019, increasing by 4.64% from USD755.22m (3.61 months of import cover) reported on 31st December 2018 (Source: RBM). The Kwacha is expected to remain stable in the short to medium term supported by a healthy forex reserves position.

Stock market			
	15-Mar-19	% Δ	8-Mar-19
MASI	27,451.38	↓ -1.77%	27,946.78
DSI	20,616.57	↓ -2.12%	21,063.52
FSI	4,521.94	↗ 0.00%	4,521.94
Traded volume	6,819,629	↓ -96.06%	173,111,267
Number of trades	73	↗ 35.19%	54
Value of shares traded (K'm)	706.90	↓ -73.44%	2,661.96
Market capitalisation (K'm)	1,282,782.55	↓ -1.76%	1,305,744.74
Gainers	Current price (K)	% Δ	Previous price (K)
ICON	11.95	↗ 0.08%	11.94
MPICO	13.06	↗ 0.15%	13.04
TNM	25.05	↗ 0.16%	25.01
Losers	Current price (K)	% Δ	Previous price (K)
BHL	12.97	↓ -0.08%	12.98
NITL	74.99	↓ -0.01%	75.00
STANDARD	570.00	↓ -14.93%	670.00
Treasury Bill auctions			
Auction date	12-Mar-19	% pts Δ	5-Mar-19
91 days yield	9.99%	↗ 0.00	9.99%
182 days yield	10.50%	↗ 0.00	10.50%
364 days yield	11.50%	↗ 0.00	11.50%
All-type yield	10.66%	↗ 0.00	10.66%
Applied - cost value (K'm)	35,553.15	↗ 103.47%	17,473.40
Allotted - cost value (K'm)	10,038.05	↓ -42.55%	17,473.40
Overall rejection rate	71.77%	↗ 71.77	0.00%
Upcoming Treasury Note auctions			
Tenor	Auction date	Settlement date	Previous auction's yield
5 years	26-Mar-19	28-Mar-19	20.50%
7 years	23-Apr-19	25-Apr-19	24.00%
2 years	28-May-19	30-May-19	17.32%
Projected maturities			
Week ending	15-Mar-19	8-Mar-19	Mar-19
TBs, PNs & TNs (K'm)	10,134	21,223	61,036
OMO (K'm)	0	11,206	57,028
Inflation			
Rate	Jan-19	% pts Δ	Dec-18
	8.80%	↓ -1.10	9.90%
RBM indicative mid exchange rates			
	15-Mar-19	% Δ	8-Mar-19
USD	729.8927	↗ 0.00%	729.8927
GBP	966.3049	↓ 1.14%	955.4295
ZAR	50.3743	↓ 0.35%	50.1979
EUR	826.0196	↓ 1.05%	817.4068
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)

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.