

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 0.85% to close the week at 29,071.28 points from 29,319.03 points the previous week due to a share price loss in FMBCH which outweighed marginal share price gains in ICON, NBM, STANDARD and TNM. A total of 4,028,193 shares were traded on the MSE at a consideration of K86.38m, compared to 6,320,660 shares traded in the previous week at a consideration of K110.44m. This represents declines in both traded volume and value of 36.27% and 21.78%, respectively. The year-to-date return on the MASI stands at 0.30% compared to 44.85% recorded during the corresponding period in 2018. There was no trade on the listed bond market (Source: MSE).

Corporate news

NBS Bank Plc posted a profit after tax of K1.41b for the six months ended 30th June 2019, representing an increase of 194% from K478.90m posted as at end of June 2018. The increase in profit is largely on account of a 95% increase in interest income resulting from growth in the bank's loan book and effective management of investments in money market instruments (Source: NBS).

Government securities

A total of K2.74b was raised from Treasury Bill (TB) auctions conducted during the week. There was also an auction for a 7-year Treasury Note (TN) during the week during which K8.93b was raised, bringing the total amount raised from Government securities during the week to K11.67b. Maturities for the week amounted to K4.33b only, resulting in a net withdrawal of K7.34b from the market. There were no open market operations (OMOs) during the week. The all-type average TB yield increased to 10.20% from 10.08% the previous week as the 91-day, 182-day and 364-day TB yields increased to 9.43%, 10.50% and 10.68%, respectively, from 9.18%, 10.41% and 10.66%. The average yield on the 7-year TN was 17.00% (Source: RBM).

Interbank market activity

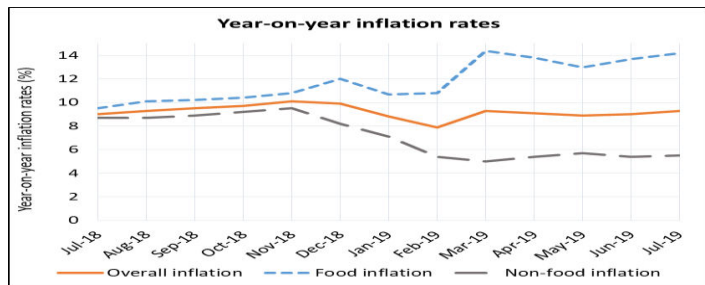
Despite a net withdrawal from the market, liquidity levels remained high during the week; excess liquidity reserves increased to an average of K8.20b per day from K4.61b in the previous week. Consequently, borrowing on the interbank market increased to an average of K10.81b per day from K6.75b during the previous week and the average interbank borrowing rate decreased to 13.46% from 13.50%. The amount accessed on the Lombard facility decreased to a total of K20.70b from K40.55b at a fixed rate of 13.90% (Source: RBM).

Foreign exchange market developments

The Kwacha appreciated against all the major trading currencies during the week. The USD/MWK indicative middle rate closed the week at 732.9893 from 736.3797 in the previous week. Gross official forex reserves 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).

Inflation

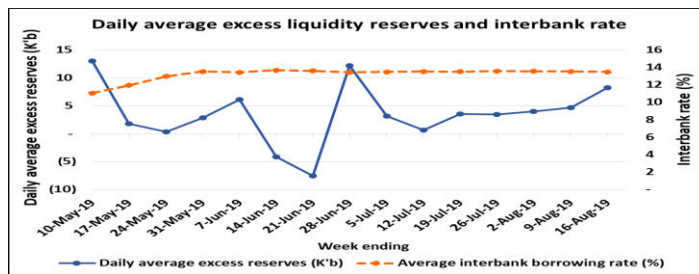
Year-on-year headline inflation rate increased to 9.3% in July 2019 from 9.0% in June 2019 as both year-on-year food and non-food inflation rates increased to 14.2% from 13.7% and to 5.5% from 5.4%, respectively.



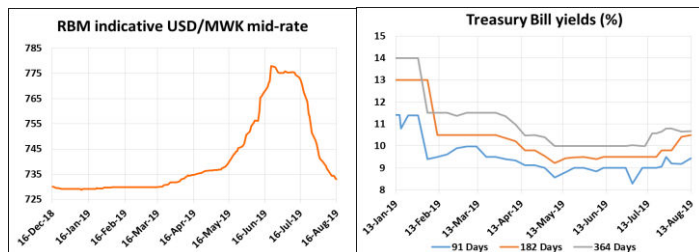
(Source: NSO)

Stock market				
	16-Aug-19	% Δ		9-Aug-19
MASI	29,071.28	↓ -0.85%		29,319.03
DSI	22,306.94	↑ 0.02%		22,303.55
FSI	4,272.58	↓ -5.47%		4,519.81
Traded volume	4,028,193	↓ -36.27%		6,320,660
Number of trades	64	↓ -12.33%		73
Value of shares traded (K'm)	86.38	↓ -21.78%		110.44
Market capitalisation (K'm)	1,370,685.34	↓ -0.87%		1,382,677.27
Treasury Bill auctions				
	13-Aug-19	% pts Δ		6-Aug-19
91 days yield	9.43%	↑ 0.26		9.18%
182 days yield	10.50%	↑ 0.09		10.41%
364 days yield	10.68%	↑ 0.03		10.66%
All-type yield	10.20%	↑ 0.12		10.08%
Applied - cost value (K'm)	5,285.16	↑ 13.76%		4,645.83
Allotted - cost value (K'm)	2,735.09	↑ 0.00%		2,735.01
Overall rejection rate	48.25%	↑ 7.12		41.13%
Treasury Note auctions				
	13-Aug-19		3-Jul-19	27-Jun-19
Tenor	7 Years		3 Years	3 Years
Coupon rate	14.00%		9.00%	9.00%
Applied for - face value (K'b)	36.75	0.20		15.04
Allotted - face value (K'b)	10.15	0.20		12.97
Allotted - cost value (K'b)	8.93	0.18		6.67
Allotted - weighted average ytm	17.00%	14.00%		13.72%
Upcoming Treasury Note auction				
	Auction date	Amount (K'b)		Last coupon rate
3 years (re-opening)	26-Aug-19	28.04		9.00%
10 years	9-Sep-19	5.29		
5 years	23-Sep-19	11.37		10.00%
2 years	7-Oct-19	15.87		8.00%
Projected maturities				
	16-Aug-19	23-Aug-19		30-Aug-19
TBs, PNs & TNs (K'm)	4,328	30,532		30,622
OMO (K'm)	0	0		0
Inflation				
	Jul-19	% pts Δ		Jun-19
Rate	9.30%	↑ 0.30		9.00%
Cumulative tobacco sales as at 9 August 2019 (week 16) versus 2018				
	Week 16 2019	% Δ		Week 16 2018
Volume (Kg' million)	131.08	↓ -15.94%		155.93
Value (USD' million)	194.20	↓ -28.43%		271.36
Average price (USD/Kg)	1.48	↓ -14.94%		1.74
RBM indicative mid exchange rates				
	16-Aug-19	% Δ		9-Aug-19
USD	732.9893	↓ -0.46%		736.3797
GBP	886.9171	↓ -0.79%		893.9650
ZAR	48.1735	↓ -1.79%		49.0540
EUR	813.6181	↓ -1.31%		824.3771
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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