

### MASI gains

The Malawi All Share Index (MASI) gained by 0.96% to close the week at 22731.98 points on account of share price increases in NBS and TNM. Total value traded decreased by 57.20% to K34.08m from K79.62m recorded the previous week. A total of 2,462,103 shares were traded during the week compared to 4,572,748 shares transacted the previous week. Year to date return on the MASI stands at 5.25% (2017: 1.94%) (Source: MSE).

### Corporate update

NBS announced the appointment of Mrs. Vera Zulu as Chief Finance Officer of the bank. Mrs. Zulu is a qualified accountant with 18 years' experience. She holds an MBA from University of Derby, a Bachelor of Accountancy degree from UNIMA and is a Fellow of the Association of Chartered Accountants (FCCA) and a Certified Public Accountant (CPA) with ICAM. Prior to joining NBS, Mrs. Zulu was CFO for Nedbank.

### Kwacha exchange rate movements

During the week, the Kwacha depreciated against most major currencies. Gross official reserves increased to USD715.02m (3.42 months of imports) as at 14<sup>th</sup> February 2018 from USD709.17m (3.39 months of imports) recorded on 9<sup>th</sup> February 2018 (Source: RBM). We expect the Kwacha to remain broadly stable against the USD in the short to medium term backed by sufficient foreign reserves and declining demand in agricultural inputs imports. The Kwacha may, however, continue to depreciate against other major currencies.

### Government securities

At the TB auction held on 14<sup>th</sup> February 2018, K7.31b was raised. The average yield marginally increased to 14.50% from 14.47% the previous week. The auction registered a rejection of 0.92% (Source: RBM). Looking forward, we expect the steady state of Treasury Bill yields to continue in the short term. In the medium term, government securities could face a downward pressure as the authorities look for cheaper funds.

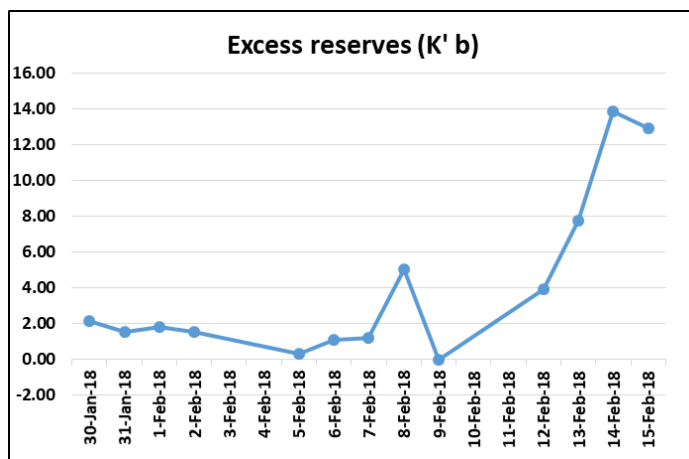
The Government of Malawi, through the Reserve Bank, has issued a K3.00b 3-year Treasury note with a fixed coupon of 11.00% per annum payable semi-annually. Auctions will be conducted monthly or as otherwise prescribed by the Government until the note is fully subscribed. Initial auction is on 20<sup>th</sup> February 2018. The bond will be listed on the Malawi Stock Exchange and secondary trading is to commence a week after each auction (Source: GoM).

### Interbank market

Liquidity increased to a daily average of K7.69b from K1.80b the previous week. The average overnight interbank rate, consequently, decreased to 15.81% from 16.32% the preceding week. The daily average volume traded on the interbank market increased to K7.08b from K5.57b the previous week. Access to the Lombard Facility decreased to K1.30b from K64.49b. RBM mopped up K24.94b from the system through OMOS (Source: RBM). We expect liquidity conditions to be subdued in the short to medium term as the authorities intensify mop up operations to keep inflation on the declining trend.

Stock market indices			
	16-Feb-18	% Δ	9-Feb-18
MASI	22731.98	↑ 0.96%	22514.84
DSI	17129.91	↑ 1.17%	16932.07
FSI	3701.15	→ 0.00%	3701.15
Market capitalisation (K' b)	10,807.47	↓ 0.09%	10,797.85
Deals	26	↓ -13.33%	30
Value of shares traded (K' m)	34.08	↓ -57.20%	79.62
Gainers	Current price (K)	% Δ	Previous price (K)
NBS	8.70	↑ 2.35%	8.50
TNM	18.00	↑ 5.26%	17.10
Losers	Current price (K)	% Δ	Previous price (K)
None			
Treasury Bill yields			
Tenor (days)	13-Feb-18	% pts Δ	6-Feb-18
91	13.9999%	↑ 0.0870%	13.9129%
182	14.5000%	→ 0.0000%	14.5000%
364	15.0000%	→ 0.0000%	15.0000%
All-type	14.5000%	↑ 0.0290%	14.4710%
Overall rejection rate	0.92%	↑ 0.92%	0.00%
Alloted (K' b)	7.31	↑ 262.54%	2.02
Expected maturities			
Week ending	16-Feb-18	23-Feb-18	2-Mar-18
TBs, PNs & TNs	8,968	5,092	5,871
OMO	27,976	6,834	13,693
Inflation			
Month	Dec-17	% pts Δ	Nov-17
Rate	7.10%	↓ -0.60%	7.70%
RBM indicative exchange rates			
Currency	16-Feb-18	% Δ	9-Feb-18
USD	725.48	→ 0.00%	725.48
GBP	1025.75	↓ 1.48%	1010.81
ZAR	62.73	↓ 4.84%	59.83
EUR	910.48	↓ 2.42%	889.00
Gross official foreign exchange reserve position			
	14-Feb-18	9-Feb-18	2-Feb-18
Reserves (USD'm)	715.02	709.17	723.89
Import cover (months)	3.42	3.39	3.46

(Sources: MSE, RBM, NSO)



(Source: RBM)

**Disclaimer:** The views expressed in this report are those of the authors 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 any of the authors, 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.