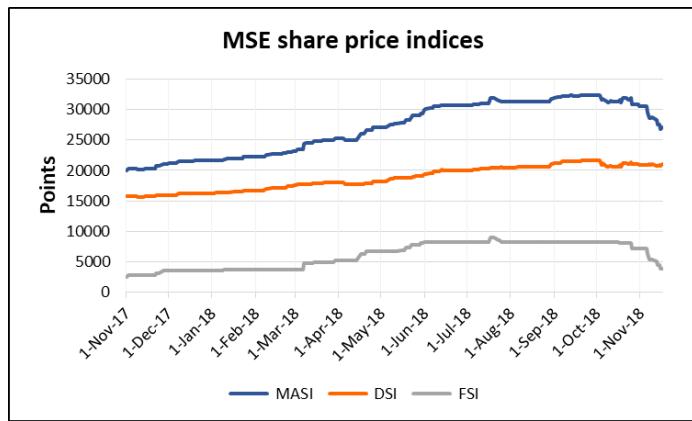


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 5.71% during the week to close at 27,048.50 points from 28,686.33 points the previous week due to share price losses in FMBCH, ILLOVO, MPICO and PCL which outweighed share price gains in BHL, NBS and TNM. The volume of shares traded on the market increased by 13.00% to 3,948,550 from 3,494,387 the previous week. Accordingly, the value of the shares traded increased by 120.76% to K830.12m from K376.02m the previous week. The year-to-date return on the MASI stands at 25.24%, significantly lower than 52.12% recorded for the corresponding period in 2017. There were no trades on the listed bond market (Source: MSE).



(Source: MSE)

Treasury Bill auctions

During Treasury Bill (TB) auctions conducted during the week, applications amounted to K18.42b, none of which was allotted. During previous week's TB auction, applications amounted K6.89b of which K1.67b was allotted, representing a rejection rate of 75.77%. Maturities for the week under review amounted K28.40b, resulting in a net injection of the same amount.

The average yields for TBs were stable at 14.00% for the 91-day TB, 14.50% for the 182-day TB and 15.00% for the 364-day TB, resulting in an all-type average yield of 14.50% (Source: RBM). Looking forward, the stability of TB yields is expected to continue in the near term as the Policy rate remains fixed at 16%. However, in the medium to long term, interest rate stability in general is threatened by mounting pressures on inflation and the exchange rate during the lean period.

Interbank market activity

As a result of a net injection from TB maturities, the market registered increased liquidity levels during the week, with excess liquidity reserves averaging K8.10b per day compared to a daily average of K3.63b in the previous week. The volume traded on the interbank market increased by 93.18% to the average of K9.56b per day from K4.95b per day the previous week. The average overnight interbank rate decreased to 14.86% from 14.97% for the previous week. The total amount accessed from the Lombard Facility during the week decreased by 87.67% to K2.56b compared to K20.72b accessed during the previous week. The Lombard rate remained fixed at 18.00%. There were no Open Market Operations (OMOs) conducted by RBM during the week (Source: RBM).

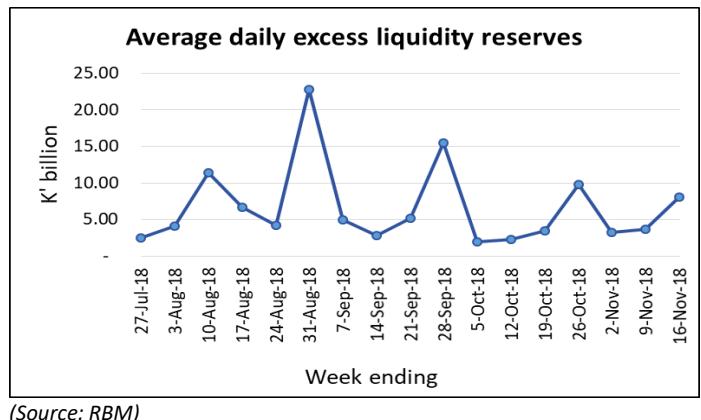
Foreign exchange market developments

The Kwacha appreciated against the GBP during the week and marginally depreciated against the USD, EUR and ZAR. The indicative middle rate for USD/MWK closed the week at 729.6757 from 729.1114 recorded as at the end of the previous week (Source: RBM).

Gross official forex reserves stood at USD727.63m (3.48 months of import cover) on 28th September 2018, a decrease of about 3% from USD753.52m (3.61 months of import cover) reported on 31st August 2018 (Source: RBM). Since the beginning of October 2018, RBM has not been publishing daily positions of forex reserves as was previously the case.

| Stock market | | | |
|---|-------------------|------------|--------------------|
| | 16-Nov-18 | % Δ | 9-Nov-18 |
| MASI | 27,048.50 | ↓ -5.71% | 28,686.33 |
| DSI | 20,995.48 | ↓ -0.02% | 20,999.05 |
| FSI | 3,778.77 | ↓ -28.90% | 5,314.67 |
| Traded volume | 3,948,550 | ↑ 13.00% | 3,494,387 |
| Number of trades | 81 | ↑ 62.00% | 50 |
| Value of shares traded (K'm) | 830.12 | ↑ 120.76% | 376.02 |
| Market capitalisation (K'b) | 1,198.93 | ↓ -5.71% | 1,271.53 |
| Gainers | Current price (K) | % Δ | Previous price (K) |
| BHL | 13.00 | ↑ 0.08% | 12.99 |
| NBS | 10.50 | ↑ 4.90% | 10.01 |
| TNM | 25.80 | ↑ 5.31% | 24.50 |
| Losers | Current price (K) | % Δ | Previous price (K) |
| FMBCH | 70.00 | ↓ -30.69% | 101.00 |
| ILLOVO | 200.00 | ↓ -2.36% | 204.84 |
| MPICO | 13.20 | ↓ -14.84% | 15.50 |
| PCL | 1,100.00 | ↓ -4.35% | 1,150.00 |
| Treasury Bill auctions | | | |
| | 13 & 15 Nov 2018 | % pts Δ | 6-Nov-18 |
| 91 days yield | 14.00% | ↑ 0.00 | 14.00% |
| 182 days yield | 14.50% | ↑ 0.00 | 14.50% |
| 364 days yield | 15.00% | ↑ 0.00 | 15.00% |
| All-type yield | 14.50% | ↑ 0.00 | 14.50% |
| Applied - cost value (K'm) | 18,419.12 | ↑ 167.37% | 6,888.98 |
| Allotted - cost value (K'm) | 0.00 | ↓ -100.00% | 1,669.51 |
| Overall rejection rate | 100.00% | ↑ 24.23 | 75.77% |
| Projected maturities | | | |
| Week ending | 16-Nov-18 | 9-Nov-18 | Nov-18 |
| TBs, PNs & TNs (K'm) | 2,504 | 1,879 | 28,135 |
| OMO (K'm) | 25,895 | 0 | 51,121 |
| Inflation | | | |
| Rate | Sep-18 | % pts Δ | Aug-18 |
| | 9.50% | ↑ 0.20 | 9.30% |
| RBM indicative mid exchange rates | | | |
| | 16-Nov-18 | % Δ | 9-Nov-18 |
| USD | 729.6757 | ↓ 0.08% | 729.1114 |
| GBP | 933.3282 | ↑ -1.86% | 951.0529 |
| ZAR | 51.5093 | ↓ 0.14% | 51.4350 |
| EUR | 827.3063 | ↓ 0.02% | 827.1040 |
| Gross official foreign exchange reserves position | | | |
| | 28-Sep-18 | 31-Aug-18 | 31-Jul-18 |
| Reserves (USD'm) | 727.63 | 753.52 | 754.23 |
| Import cover (months) | 3.48 | 3.61 | 3.61 |

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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