

### MSE trading activity

The Malawi All Share Index (MASI) marginally dropped to 31,281.87 as at the close of the week from 31,282.19 the previous week, due to a share price drop in MPICO which offset a marginal share price increase in TNM. The year-to-date return on the MASI stands at 44.84% compared to 39.41% for the corresponding period in the previous year. There were no trades on the listed bond market (Source: MSE).

### Corporate update

Company	2018 H1 declared dividend per share (K)	Last day to register	Payable
MPICO	0.09	14-Sep-18	28-Sep-18
NBM	5.35	7-Sep-18	21-Sep-18
STANDARD PCL	7.24	7-Sep-18	25-Sep-18
	20.00	TBA	TBA

### Foreign exchange market developments

The Kwacha appreciated against GBP, EUR and ZAR during the week, while marginally depreciating against USD. Gross official foreign exchange reserves slightly decreased to USD750.55 (3.59 months of import cover) as at 16<sup>th</sup> August 2018 from USD750.83 (3.59 months of import cover) recorded on 10<sup>th</sup> August 2018 (Source: RBM). The Kwacha is expected to remain stable in the short term, backed by continued foreign exchange inflows from the ongoing tobacco auction sales. However, the tobacco auction market is expected to close towards the end of this month. As at the end of week 18 of the tobacco auctions on 10<sup>th</sup> August 2018, USD296.94m had been realised, compared to USD212.38m realised during a corresponding period in 2017 (Source: TCC).

### Treasury Bill market

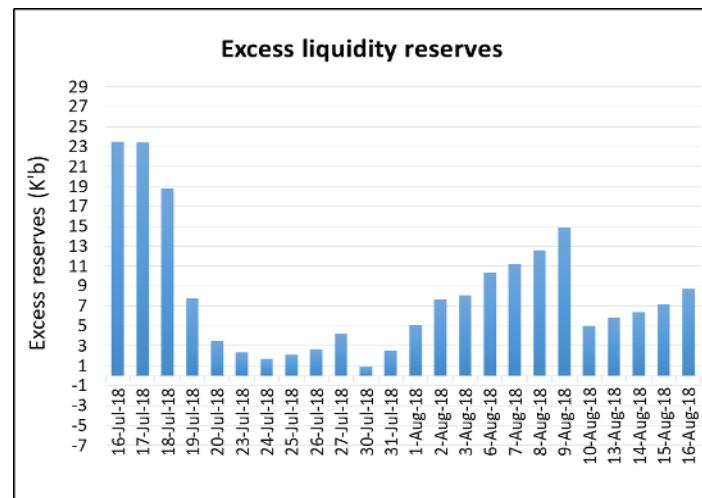
Government raised a total of K4.36b through Treasury Bill auctions conducted during the week, a decrease of 32.49% when compared to K6.46b raised in the previous week. The auctions registered a rejection rate of 48.22%. The average yield was steady at 14.50% (Source: RBM). Treasury Bill yields are expected to remain stable in the near-term. However, persistent inflation risks threaten continued stability of interest rates in general in the medium to long term.

### Interbank market activity

Liquidity levels decreased during the week, with excess reserves decreasing by 42% to a daily average of K6.64b from K11.44b the previous week. Total amount accessed on the Lombard Facility decreased by 19.62% to K42.31b compared to K52.64b accessed during the previous week. The daily average volume traded on the interbank market decreased by 6.65% to K9.17b from K9.82b the previous week. The average overnight interbank rate increased to 15.57% from 15.44% the previous week. There were no Open Market Operations (OMO) during the week (Source: RBM). We expect interbank rates to remain high in the short term, owing to the continued relatively low liquidity in the market.

Stock market indices				
	17-Aug-18	% Δ	10-Aug-18	
MASI	31,281.87	⬇ -0.001%	31,282.19	
DSI	20,530.76	⬇ -0.001%	20,531.06	
FSI	8,237.32	➡ 0.000%	8,237.32	
Market capitalisation (K' b)	1,386.58	⬇ -0.001%	1,386.59	
Gainers	Current price (K)	% Δ	Previous price (K)	
TNM	25.01	⬆ 0.04%	25.00	
Losers	Current price (K)	% Δ	Previous price (K)	
MPICO	19.45	⬇ -0.26%	19.50	
Treasury Bill auctions				
Tenor (days)	Auction held on 14 August 2018		Auction held on 7 August 2018	
	91	13.99%	⬇ -0.01	14.00%
182	14.50%	➡ 0.00	14.50%	
364	15.00%	➡ 0.00	15.00%	
All-type	14.50%	➡ 0.00	14.50%	
Allotted (K' m)	4,361.54	⬇ -2098.76	6,460.30	
Overall rejection rate	48.22%	⬆ 2.22	46.00%	
Projected maturities				
Week ending	17-Aug-18	Aug-18		
	TBs, PNs & TNs	4,971	23,320	
OMO	21,173	46,528		
Inflation				
Month	Jun-18	% pts Δ	May-18	
	Rate	8.60%	⬇ -0.30	
Cumulative tobacco sales as at 10th August 2018 (week 18)				
Year	2018	% Δ	2017	
	Volume (Kg)	171,613,316	⬆ 61.21%	
Value (USD)	296,935,170	⬆ 39.81%	212,379,761	
Average price (USD/Kg)	1.73	⬇ -13.50%	2.00	
% of GDP	6.41	⬆ 39.81%	4.59	
RBM indicative mid exchange rates				
Currency	17-Aug-18	% Δ	10-Aug-18	
	USD	726.1646	⬇ 0.01%	
GBP	923.9718	⬆ -0.60%	929.5649	
ZAR	49.5135	⬆ -6.41%	52.9061	
EUR	826.3027	⬆ -0.58%	831.1045	
Gross official foreign exchange reserves position				
Reserves (USD'm)	16-Aug-18	10-Aug-18	27-Jul-18	
	750.55	750.83	754.24	
Import cover (months)	3.59	3.59	3.61	

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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