Weekly update – 17th Nov 2017

MASI gains

The MASI gained 0.68% to close the week at 20,321.89 points due to a share price increase for Sunbird by K26.00 from K70.00. A total of 1,048,328 shares were traded at a value of K147.50m compared to 3,157,932 shares transacted at a consideration of K245.01m the previous week. There were no losers during the week. Year to date return on the MASI stands at 52.56% (2016: -7.42%) *(Source: MSE).*

Kwacha exchange rate movement

The Kwacha appreciated against the USD and the ZAR during the week but depreciated against the GBP and the EUR. Gross official reserves decreased slightly to USD753.49m (3.61months of imports) as at 15th November 2017 from USD757.92m (3.63 months of imports) recorded on 10th November, 2017. In the short to medium term, we expect the Kwacha to remain fairly stable against major trading currencies since forex is readily available in the market due to foreign aid support and credit facilities from development partners.

Treasury Bills

The Treasury Bills auction held during the week raised K2.09b, compared to K0.59b raised the previous week. The average yield increased to 15.05% from 14.61% recorded the previous week. The auction registered a rejection of 67.41% *(Source: RBM).*

Interbank

During the week (Monday to Thursday), liquidity increased to a daily average of K8.39b from K2.30b the previous week. The weekly average overnight interbank rate increased to 17.15% from 17.00%. Total volume traded on the interbank market increased to K35.84b from K17.08b the previous week. Access to the Lombard Facility decreased to a total of K37.04b from K96.00b last week. Total maturities for the week amounted to K14.27b. OMOs during the week totaled K11.66b at an average rate of 16.00% *(Source: RBM).*

Inflation

Headline inflation stood at 8.3% in October 2017, representing a marginal fall of 0.10 percentage points from 8.4% recorded in September 2017. The fall is a result of a decline in food inflation to 4.8% in October 2017 from 5.1% the previous month, which can be attributed to the prevailing low prices of agricultural produce, mainly maize. Non-food inflation, on the other hand, slightly increased to 11.7% from 11.6%; this could be a result of low productivity in the country emanating from excessive power cuts. If the power cuts persist, we should expect inflation to pick up as we approach the peak of the lean period and the festive season in which high demand for imports and food normally pushes up prices (Source: NSO).

Market indices			
	17-Nov-17	**% Δ**	**10-Nov-17**
MASI	20321.89	0.68%	20184.11
DSI	15793.42	0.78%	15670.99
FSI	2727.82	0.00%	2727.82
Market capitalisation (K' b)	10,508.18	0.06%	10,501.37
Deals	14	-41.67%	24
Value of shares traded (K' m)	147.50	-39.82%	245.10
Gainers	**Current price (K)**	**% Δ**	**Previous price (K)**
Sunbird	96.00	37.14%	70.00
Losers	**Current price (K)**	**% Δ**	**Previous price (K)**
None			
Treasury Bill yields			
Tenor (days)	**14-Nov-17**	**% pts Δ**	**7-Nov-17**
91	14.45%	0.13%	14.32%
182	14.80%	0.01%	14.79%
364	15.90%	1.17%	14.73%
All-type	15.05%	0.44%	14.61%
Overall rejection rate	67.41%	67.41%	0.00%
Alloted (K' b)	2.09	251.31%	0.59
Expected maturities			
Week ending	**17-Nov-17**	**24-Nov-17**	**1-Dec-17**
TBs, PNs & TNs	1,912	636	1,463
OMO	12,362	13,278	15,371
Inflation			
Month	**Oct-17**	**% pts Δ**	**Sep-17**
Rate	8.30%	-0.10%	8.40%
RBM - mid exchange rates			
Currency	**16-Nov-17**	**% Δ**	**10-Nov-17**
USD	725.62	0.00%	725.63
GBP	956.00	0.26%	953.55
ZAR	50.43	-0.94%	50.91
EUR	854.78	1.18%	844.85
Gross official foreign exchange reserve position			
	15-Nov-17	**10-Nov-17**	**3-Nov-17**
Reserves (USD'm)	753.49	757.92	771.85
Import cover (months)	3.61	3.63	3.69