

MASI gains

The Malawi All Share Index (MASI) gained by 2.03% during the week to close at 28280.28 points on account of share price increases in BHL, FMBCH, SUNBIRD and TNM. The total value traded decreased by 68.71% to K660.82m from K2.11b recorded the previous week. A total of 12,133,390 shares were traded during the week compared to 21,141,049 shares that were traded the previous week. Year to date return on the MASI stands at 30.94% (2017:17.19%). There was no trade on the listed government securities during the week (*Source: MSE*).

Annual General Meetings

Company	Date	Time	Venue
FMBCH	7-Jun-18	15:00hrs	FMB Training Centre, Blantyre
NBM	8-Jun-18	14:00hrs	NBM Learning and Growth Centre, Blantyre
TNM	14-Jun-18	14:00hrs	Sunbird Mount Soche Hotel, Blantyre
SUNBIRD	15-Jun-18	15:30hrs	Sunbird Mount Soche Hotel, Blantyre

Exchange rate movements

The Kwacha was steady against the USD during the week and appreciated against GBP, EUR and ZAR. Gross official reserves increased to USD658.19m (3.15 months of imports) as at 10th May 2018 from USD637.70m (3.05 months of imports) recorded on 4th May 2018 (*Source: RBM*). We expect the Kwacha to remain stable against the USD and to continue to appreciate against other major trading currencies in the short to medium term as foreign exchange inflows improve during the Tobacco marketing season and following the approval of the IMF Extended Credit Facility.

Treasury Bill auctions

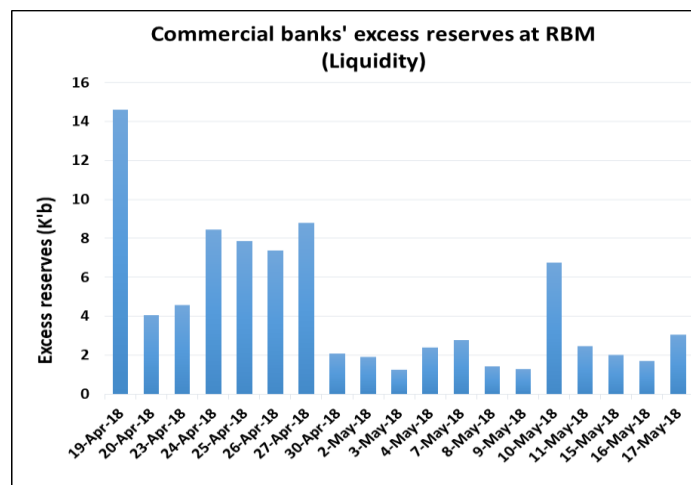
The Government raised a total of K6.46b through Treasury Bill auctions during the week, compared to K9.22b raised in the previous week. There were no rejected applications during the week. The average yield was steady at 14.50% (*Source: RBM*). Looking forward, Treasury Bill yields could remain steady for some time amid uncertainties regarding inflation. If inflation remains relatively low in the medium term, the yields could decline as the authorities target cheaper funds.

Interbank market activity

Liquidity decreased by 21.05% during the week to a daily average of K2.31b from K2.93b the previous week. Consequently, the average overnight interbank rate increased to 15.89% from 15.01%. The daily average volume traded on the interbank market increased to K10.91b from K6.49b the previous week. A total of K52.69b was accessed on the Lombard Facility at a rate of 18.00%, compared to K97.12b during the previous week at the same rate. No mop-up open market operations (OMO) were conducted by RBM (*Source: RBM*). We expect increased upward liquidity pressures during the agricultural marketing season and the RBM to intensify mop-up operations during the period in order to reduce unfavorable effects of liquidity on inflation.

Stock market indices				
	18-May-18	% Δ	11-May-18	
MASI	28280.28	↑ 2.03%	27716.55	
DSI	18760.42	↑ 0.18%	18726.86	
FSI	7240.21	↑ 7.36%	6744.11	
Market capitalisation (K' b)	15,707.30	↑ 0.16%	15,682.33	
Number of deals	30	↓ -9.09%	33	
Value of shares traded (K' m)	660.82	↓ -68.71%	2,111.63	
Gainers				
	Current price (K)	% Δ	Previous price (K)	
BHL	35.00	↑ 8.26%	32.33	
FMBCH	140.00	↑ 7.68%	130.01	
SUNBIRD	144.00	↑ 2.13%	141.00	
TNM	20.00	↑ 0.25%	19.95	
Losers				
	Current price (K)	% Δ	Previous price (K)	
None				
Average Treasury Bill yields				
		Auctions held on		Auctions held on
Tenor (days)		15, 17 and 18 May		8 and 10 May
			% pts Δ	
91		14.00%	→ 0.00	14.00%
182		14.50%	→ 0.00	14.50%
364		15.00%	→ 0.00	15.00%
All-type		14.50%	→ 0.00	14.50%
Overall rejection (K' m)		0.00	→ 0.00	0.00
Alloted (K' m)		6,455.86	↓ -30.01%	9,224.37
Expected maturities				
Week ending		18-May-18	25-May-18	May-18
TBs, PN & TNs		22,229	2,571	103,135
OMO		10,243	10,948	57,534
Inflation				
Month	Mar-18	% pts Δ	Feb-18	
Rate	9.90%	↑ 2.10	7.80%	
Cumulative tobacco sales (week 5)				
Year	2018	% Δ	2017	
Volume (Kg)	39,836,540	↑ 91.94%	20,754,157	
Value (USD)	62,042,271	↑ 70.65%	36,357,504	
Average price (USD/Kg)	1.56	↓ -10.86%	1.75	
RBM indicative mid exchange rates				
Currency	18-May-18	% Δ	11-May-18	
USD	726.0382	→ 0.00%	726.0382	
GBP	981.4584	↑ -0.07%	982.1845	
ZAR	57.8802	↑ -1.78%	58.9302	
EUR	857.3785	↑ -0.90%	865.1471	
Gross official foreign exchange reserve position				
	10-May-18	4-May-18	27-Apr-18	
Reserves (USD'm)	658.19	637.70	640.56	
Import cover (months)	3.15	3.05	3.06	

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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