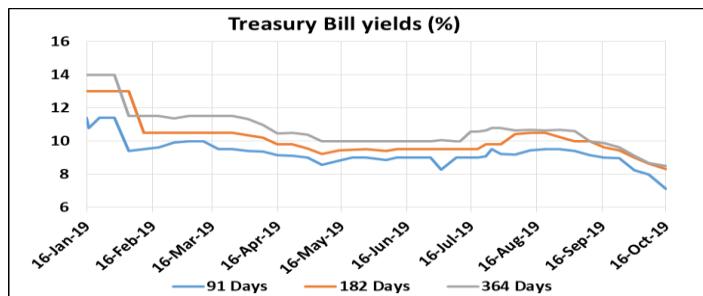


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained marginally by 0.08% to close the week at 29,740.17 points from 29,714.95 points the previous week due to share price gains in NBM and NBS. There was no price movement in the rest of the companies registered on the MSE. A total of 123,695,711 shares were traded at a consideration of K1.53b compared to 20,273,202 shares traded in the previous week at a consideration of K267.96m. This represents a more than fivefold increase in traded volume and a more than fourfold increase in traded value. The year-to-date return on the MASI stands at 2.61% compared to 44.56% in a corresponding period in 2018 (Source: MSE).

Government securities

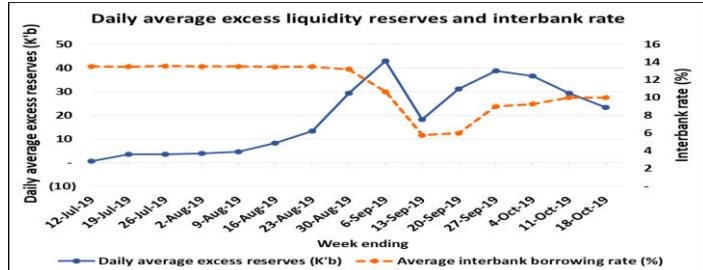
Government raised the planned amount of K4.09b from a Treasury Bill (TB) auction during the week against total applications of K36.69b, representing a rejection rate of 88.85%. There was no auction for Treasury Notes (TN) and no open market operations (OMOs) during the week. Maturities for the week amounted to K19.88b, thereby resulting in a net injection of K15.78b into the market, compared to a net withdrawal of K7.62b in the previous week. The all-type average TB yield decreased to 7.97% from 8.45% in the preceding week; the 91-day, 182-day and 364-day yields decreased to 7.10%, 8.30% and 8.50%, respectively, from 8.00%, 8.65% and 8.69% (Source: RBM).



(Source: RBM)

Interbank market activity

Liquidity levels decreased during the week as excess liquidity reserves decreased to an average of K23.40b per day from K29.32b per day in the previous week. Borrowing on the interbank market decreased to K13.40b from K19.80b in the previous week and the average interbank borrowing rate was stable at 10.00%. There was no borrowing on the Lombard facility during the week as was the case in the preceding week (Source: RBM).



(Source: RBM)

Foreign exchange market developments

The Kwacha depreciated, albeit marginally, against all the other major trading currencies during the week. The RBM indicative USD/MWK middle exchange rate slightly increased to 734.5190 from 734.4495. Gross official forex reserves remain high and stood at USD705.68m (3.37 months of import cover) on 30th August 2019, representing a slight increase from USD704.14m (3.37 months of import cover) recorded on 31st July 2019 (Source: RBM). The forex reserves are expected to support the stability of the Kwacha in the short term. In the medium term, however, the Kwacha could face a seasonal depreciation pressure, albeit minimal, as forex reserves decline following the closure of tobacco sales on 27th September 2019. During the 2019 agricultural season, Malawi realised K237.00m from tobacco sales compared to K337.50m in 2018, representing a 29.78% decrease owing to both lower prices and lower traded volumes (Source: TC).

Disclaimer: The views expressed in this report are those of the author 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 the author, 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.

CDH House, 5 independence Drive, PO Box 1444, Blantyre, Malawi | <http://www.cdh-malawi.com> | Email: ckamamkhudza@cdh-malawi.com | Tel: +265 (0) 1 821 300; Fax: +265 (0) 1 822 826

Stock market			
18-Oct-19	% Δ	11-Oct-19	
MASI	29,740.17	0.08%	29,714.95
DSI	22,910.41	0.10%	22,887.66
FSI	4,272.58	0.00%	4,272.58
Traded volume	123,695,711	510.14%	20,273,202
Number of trades	62	26.53%	49
Value of shares traded (K'm)	1,525.30	469.22%	267.96
Market capitalisation (K'm)	1,403,460.51	0.08%	1,402,291.62
Gainers	Current price (K)	% Δ	Previous price (K)
NBM	400.02	0.00%	400.01
NBS	12.50	3.31%	12.10
Losers	Current price (K)	% Δ	Previous price (K)
None			
Projected maturities			
Week ending	11-Oct-19	18-Oct-19	Oct-19
TBs, PNs & TNs (K'm)	5,087	17,393	63,124
OMO (K'm)	7,724	2,482	55,198
Treasury Note auctions			
Date	8-Oct-19	26-Sep-19	10-Sep-19
Tenor	2 Years	5 Years	10 Years
Coupon rate	8.00%	10.00%	15.50%
Amount offered -cost value (K'b)	15.87	11.37	529.00%
Applied for - face value (K'b)	65.48	64.91	25.50
Allotted- face value (K'b)	16.49	12.37	5.98
Allotted - cost value (K'b)	15.87	11.37	5.29
Allotted - weighted average ytm	10.12%	14.00%	18.04%
Treasury Bill auctions			
Auction date	16-Oct-19	% pts Δ	8-Oct-19
Amount offered -cost value (K'm)	4,092.00	0.00%	4,092.00
Applied - cost value (K'm)	36,689.69	92.22%	19,087.73
Allotted - cost value (K'm)	4,092.15	-0.02%	4,092.84
Overall rejection rate	88.85%	10.29	78.56%
91 days yield	7.10%	-0.90	8.00%
182 days yield	8.30%	-0.35	8.65%
364 days yield	8.50%	-0.19	8.69%
All-type yield	7.97%	-0.48	8.45%
Current yields for Treasury Notes			
Tenor	Current yield	Last auction	Next auction
2-year	10.12%	8-Oct-19	TBA
3-year	13.87%	29-Aug-19	TBA
5-year	14.00%	26-Sep-19	TBA
7-year	17.00%	13-Jul-19	21-Oct-19
10-year	18.04%	10-Sep-19	TBA
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
21-Oct-19	7 years	8.99	14.00%
Reference rate			
Rate	Oct-19	% pts Δ	Sep-19
12.00%	-1.40	13.40%	
Inflation			
Rate	Aug-19	% pts Δ	Jul-19
9.50%	0.20	9.30%	
Cumulative tobacco sales as at end of 2019 season versus end of 2018 season			
Final 2019	% Δ	Final 2018	
Volume (Kg'million)	165.70	-17.97%	202.00
Value (USD' million)	237.00	-29.78%	337.50
Average price (USD/Kg)	1.43	-14.37%	1.67
RBM indicative mid exchange rates			
USD	18-Oct-19	% Δ	11-Oct-19
734.5190	-0.01%	734.4495	
GBP	943.8569	3.20%	914.6100
ZAR	49.5089	1.32%	48.8662
EUR	817.0055	1.00%	808.9227
Gross official foreign exchange reserves position			
Reserves (USD'm)	30-Aug-19	31-Jul-19	30-Jun-19
705.68	704.14	765.82	
Import cover (months)	3.37	3.37	3.66

(Sources: MSE, RBM, NSO)