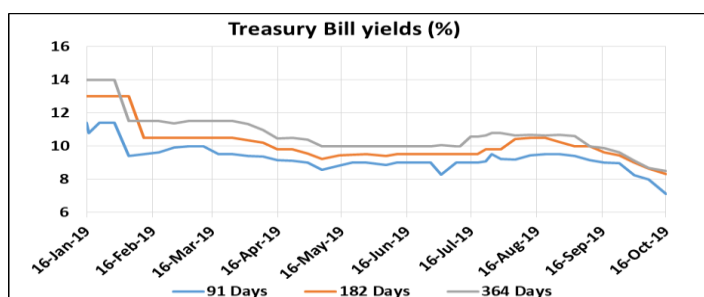


## Malawi Stock Exchange (MSE) trading activity

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

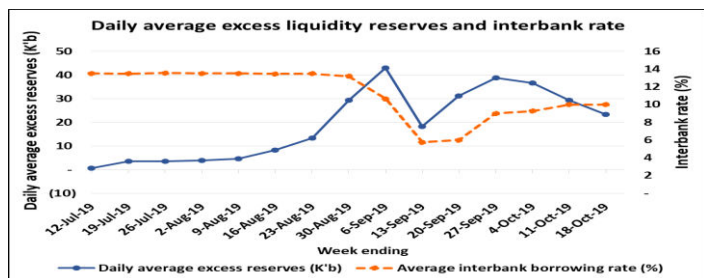
Government raised the planned amount of K4.09b from a Treasury Bill (TB) auction during the week against total applications of K36.69b, representing a rejection rate of 88.85%. There was no auction for Treasury Notes (TN) and no open market operations (OMOs) during the week. Maturities for the week amounted 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 30<sup>th</sup> August 2019, representing a slight increase from USD704.14m (3.37 months of import cover) recorded on 31<sup>st</sup> 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 27<sup>th</sup> 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).

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				
	Oct-19		% pts Δ	Sep-19
Rate	12.00%	↓	-1.40	13.40%
Inflation				
	Aug-19		% pts Δ	Jul-19
Rate	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				
	18-Oct-19		% Δ	11-Oct-19
USD	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				
	30-Aug-19		31-Jul-19	30-Jun-19
Reserves (USD'm)	705.68		704.14	765.82
Import cover (months)	3.37		3.37	3.66

(Sources: MSE, RBM, NSO)

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