

Malawi Stock Exchange trading activity

The Malawi All Share Index (MASI) gained by 1.94% to close the week at 31,866.27 from 31,260.83 the previous week on account of share price gains in NBM, NBS, NITL, PCL and TNM which outweighed a share price loss in FMBCH. The volume of shares traded on the market decreased by 69.92% to 2,641,216 from 8,781,401 the previous week and the value of shares traded decreased by 85.81% to K191.32m from K1.35b the previous week. The year-to-date return on the MASI stands at 47.54% compared to 44.63% for the corresponding period in 2017. There were no trades on the listed bond market (Source: MSE).

Foreign exchange market developments

The Kwacha appreciated against the GBP and EUR during the week and depreciated, albeit marginally, against the USD and ZAR. The RBM indicative USD/MWK middle rate closed the week at USD/MWK728.7356 from USD/MWK728.0960 as at the end of the previous week (Source: RBM).

Government securities auctions

Government raised a total of K2.75b through auctions of Treasury securities during the week: - K1.44b for Treasury Bills (TB) and K1.31b for a 3 year Treasury Note (TN), compared to K16.73b raised the previous week. Maturities for the week amounted K18.48b, resulting in a net injection of K15.73b. The average yields for TBs and the 3 year TN were stable at 14.50% and 20.00%, respectively (Source: RBM).

Looking forward, yields on Government securities are expected to remain stable in the near term as the Policy rate remains fixed at 16%. However, in the medium to long term, interest rate stability in general is threatened by mounting inflation pressures emanating mainly from increasing food and fuel prices and electricity tariffs.

Interbank market activity

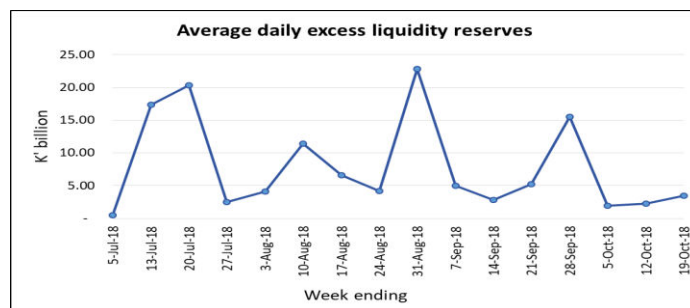
Liquidity levels increased by 53.53% to a daily average of K3.50b from K2.28b the previous week. Accordingly, the daily average volume traded on the interbank market decreased by 49.02% to K5.90b from K11.58b the previous week. The average overnight interbank rate decreased to 15.13% from 15.17% the previous week. However, the total amount accessed from the Lombard Facility increased by 58.70% to K42.79b compared to K26.97b accessed during the previous week. The Lombard rate remained fixed at 18.00%. There were no Open Market Operations (OMO) by RBM during the week (Source: RBM).

Inflation

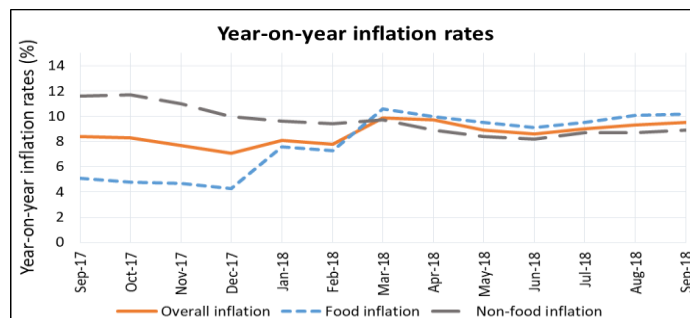
Annual headline inflation rate stood at 9.5% in September 2018, up from 9.3% the previous month as both food and non-food prices went up. Annual food inflation rose to 10.2% from 10.1% the previous month, while non-food inflation rate rose to 8.9% from 8.7% (Source: NSO). The upward trend in inflation could continue in the ensuing months as the economy responds to the upward adjustments in electricity tariffs (20%) and fuel pump prices (5%) that were effected on 1st and 6th October 2018, respectively. Food inflation pressures are also expected to continue building up during the lean period as some parts of the country experience a shortage of food due to a lower than average food harvest during the 2017/2018 season.

Stock market				
	19-Oct-18	% Δ		12-Oct-18
MASI	31,866.27	↑ 1.94%		31,260.83
DSI	21,277.42	↑ 3.25%		20,608.16
FSI	8,088.69	↓ -0.60%		8,137.74
Traded volume	2,641,216	↓ -69.92%		8,781,401
Number of trades	59	↓ 37.21%		43
Value of shares traded (K'm)	191.32	↓ -85.81%		1,348.13
Market capitalisation (K'b)	1,412.48	↑ 1.94%		1,385.65
Gainers				
	Current price (K)	% Δ		Previous price (K)
NBM	325.01	↑ 0.00%		325.00
NBS	10.00	↑ 8.70%		9.20
NITL	86.01	↑ 0.01%		86.00
PCL	1049.25	↑ 8.64%		965.83
TNM	26.17	↑ 6.82%		24.50
Losers				
	Current price (K)	% Δ		Previous price (K)
FMBCH	156.99	↓ -0.63%		157.98
Treasury Bill auctions				
	16-Oct-18	% pts Δ		9-Oct-18
91 days yield	14.00%	→ 0.00		14.00%
182 days yield	14.50%	→ 0.00		14.50%
364 days yield	15.00%	→ 0.00		15.00%
All-type yield	14.50%	→ 0.00		14.50%
Allotted - cost value (K'm)	1,441.10	↓ -76.21%		6,058.72
Overall rejection rate	0.00%	→ 0.00		0.00%
Treasury Note auctions				
	17-Oct-18		10-Oct-18	9-Oct-18
Tenor	3 Years		3 Years	3 Years
Offered (K'b)				
Applied for - face value (K'b)	1.50	8.78		8.40
Allotted - face value (K'b)	1.50	8.78		3.50
Allotted - cost value (K'b)	1.31	7.63		3.04
Allotted - weighted average ytm	20.00%	20.00%		20.00%
Projected maturities				
	19-Oct-18	26-Oct-18		Oct-18
TBs, PNs & TNs (K'm)	18,484	5,766		38,454
OMO (K'm)	6,463	14,700		33,547
Inflation				
	Sep-18	% pts Δ		Aug-18
Rate	9.50%	↑ 0.20		9.30%
RBM indicative mid exchange rates				
	19-Oct-18	% Δ		12-Oct-18
USD	728.7356	↓ 0.09%		728.0960
GBP	948.8138	↑ -1.56%		963.8535
ZAR	50.5589	↑ 1.10%		50.0069
EUR	834.8395	↓ -1.20%		844.9554
Gross official foreign exchange reserves position				
	28-Sep-18	31-Aug-18		31-Jul-18
Reserves (USD'm)	727.63	753.52		754.23
Import cover (months)	3.48	3.61		3.61

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)



(Source: NSO)

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