

MASI gains

Share price increases in TNM and OML saw the Malawi All Share Index (MASI) gain by 0.06% to close the week at 22226.04 points. Total value traded increased by 55.68% to K685.08m from K440.07m recorded the previous week. A total of 24,285,724 shares were traded during the week compared to 8,367,299 shares transacted the previous week. Year to date return on the MASI stands at 2.91% (2017: -1.23%) (Source: MSE).

Corporate update

Standard Bank Plc announced the appointment of Mr William le Roux as the new Chief Executive and Director of the board for the bank. The announcement from the bank says that Mr William le Roux has 38 years' experience in banking and has held progressively senior leadership positions in a number of African countries within the Group. He holds a Bachelor of Commerce, Accounting and Business Management from University of South Africa.

Kwacha exchange rate movements

During the week, the Kwacha was relatively steady against the USD but marginally depreciated against the GBP and EUR, and appreciated against the ZAR. Gross official reserves decreased to USD712.87m (3.41 months of imports) as at 31st January 2018 from USD713.04m (3.41 months of imports) recorded on 26th January 2018 (Source: RBM). We expect the Kwacha to remain fairly steady against the USD in the near term backed by sufficient foreign reserves and a weakening USD. The local unit may, however, continue to face depreciation pressure against the other major trading currencies.

Treasury Bill yields steady

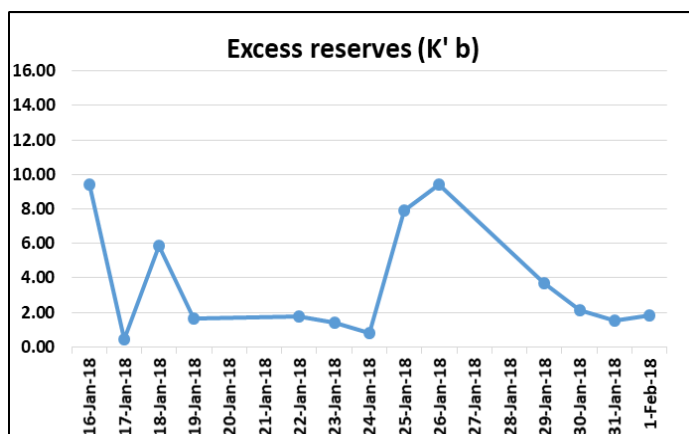
At the TB auction held on 30th January 2018, K3.91b was raised. The average all type TB rate was steady at 14.50% as observed the previous four weeks. The auction registered no rejection (Source: RBM). Looking forward, we expect the steady state of Treasury Bill yields to last a little while, after which the T-Bill yields could face a downward pressure as the authorities look for cheaper funds.

Interbank market

Liquidity increased to a daily average of K3.72b from K2.71b the previous week. The average overnight interbank rate marginally increased to 15.06% from 14.95% the preceding week. The daily average volume traded on the interbank market increased to K8.31b from K7.42b the previous week. Access to the Lombard Facility increased to K40.77b from K16.79b. Total maturities for the week amounted K16.04b. The authorities mopped up K5.83b from the market through OMOs during the week (Source: RBM). We expect liquidity conditions to remain subdued in the short to medium term as the authorities intensify mop up operations to keep inflation on the declining trend.

Stock market indices			
	2-Feb-18	% Δ	26-Jan-18
MASI	22226.04	↑ 0.06%	22212.1
DSI	16692.97	↑ 0.06%	16682.65
FSI	3676.32	↑ 0.07%	3673.87
Market capitalisation (K' b)	10,785.05	↑ 1.16%	10,661.31
Deals	26	↓ -23.53%	34
Value of shares traded (K' m)	685.08	↑ 55.68%	440.07
Gainers			
	Current price (K)	% Δ	Previous price (K)
TNM	16.15	↑ 0.31%	16.10
OML	1990.00	↑ 1.27%	1965.00
Losers			
	Current price (K)	% Δ	Previous price (K)
None			
Treasury Bill yields			
Tenor (days)	30-Jan-18	% pts Δ	23-Jan-18
91	13.9992%	↓ -0.0008%	14.0000%
182	14.5000%	→ 0.0000%	14.5000%
364	15.0000%	→ 0.0000%	15.0000%
All-type	14.4997%	↓ -0.0003%	14.5000%
Overall rejection rate	0.00%	↓ -1.69%	1.69%
Allotted (K' b)	3.91	↓ -53.47%	8.40
Expected maturities			
Week ending	2-Feb-18	9-Feb-18	Feb-18
TBs, PN's & TN's	10,725	40,285	62,062
OMO	5,319	32,253	74,236
Inflation			
Month	Dec-17	% pts Δ	Nov-17
Rate	7.10%	↓ -0.60%	7.70%
RBM indicative exchange rates			
Currency	2-Feb-18	% Δ	26-Jan-18
USD	725.49	↓ 0.00%	725.49
GBP	1034.11	↓ 0.56%	1028.31
ZAR	60.86	↑ -0.19%	60.98
EUR	905.99	↓ 0.58%	900.77
Gross official foreign exchange reserve position			
	31-Jan-18	26-Jan-18	19-Jan-18
Reserves (USD'm)	712.87	713.04	728.36
Import cover (months)	3.41	3.41	3.48

(Sources: MSE, RBM, NSO)



(Source: RBM)

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