

MASI gains

The Malawi All Share Index (MASI) gained by 1.48% to close the week at 23402.46 points due to share price increases in NICO and TNM which offset a K0.01 share price loss in STANDARD. Total value traded decreased by 97.77% to K167.10m from K7,498.37m recorded the previous week. A total of 9,221,902 shares were traded during the week compared to 233,930,412 shares transacted the previous week. Year to date return on the MASI stands at 8.35% (2017: 2.64%) (Source: MSE).

2-year Treasury note listed on MSE

A 2-year five billion Treasury note was listed on the Malawi Stock Exchange (MSE) on Monday, 26th February 2018. The TN has a coupon rate of 10.00% payable semi-annually and closed the week trading at a bid price of 86.8287 (Source: MSE).

Treasury bills

The Malawi Government raised a total of K33.02b through ordinary and tap Treasury Bill auctions during the week, compared to K4.85b raised the previous week. The average yield marginally decreased to 14.49% from 14.50% the preceding week. The auctions registered an aggregate rejection rate of 1.68% (Source: RBM). Looking forward, we expect TB yields to remain steady in the short term. In the medium term, yields on government securities could face a downward pressure as the authorities look for cheaper funds.

Interbank market

Liquidity increased to a daily average of K8.76b from K3.47b the previous week. The average overnight interbank rate decreased to 13.80% from 14.24% the preceding week. The daily average volume traded on the interbank market increased to K6.90b from K6.81b the previous week. No bank accessed the Lombard Facility during the week. RBM mopped up K21.83b from the system through OMOS (Source: RBM). We expect the RBM to intensify mop up operations in the near term to reduce the impact of excess liquidity on inflation.

Kwacha exchange rate movements

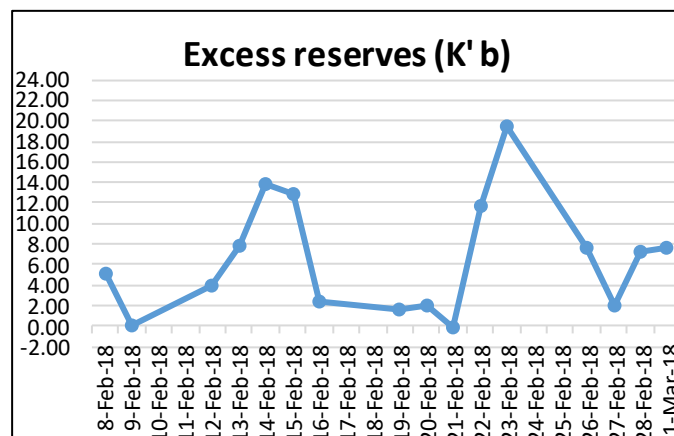
During the week, the Kwacha appreciated against the EUR, GBP and ZAR while remaining steady against the USD. Gross official reserves dropped to USD692.41m (3.31 months of imports) as at 28th February 2018 from USD698.51m (3.34 months of imports) recorded on 23rd February 2018 (Source: RBM). We expect the kwacha to remain broadly stable in the short to medium term, and the monetary authorities' efforts to keep the Kwacha stable to continue exerting pressure on foreign reserves.

Inflation up

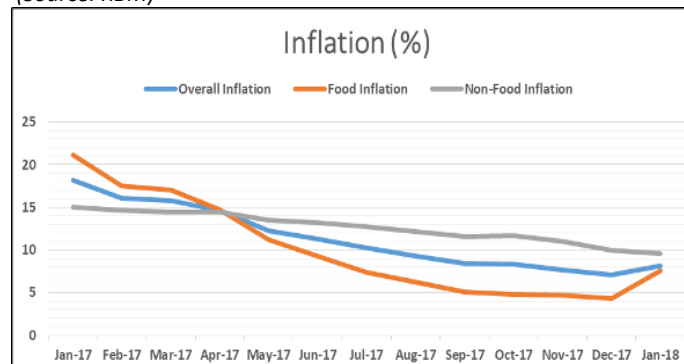
The National Statistical Office (NSO) released inflation statistics for January 2018. Headline inflation rate (year-on-year) increased to 8.1% from 7.1% recorded in December 2017 due to an increase in food inflation. The NSO announced that beginning January 2018 it would be releasing month-on-month inflation as opposed to year-on-year inflation. Month-on-month inflation rate for January 2018 stands at 4.5%. The NSO also announced the revision of inflation weights. The weight for food now stands at 45.2% (Source: NSO).

Stock market indices				
	2-Mar-18	% Δ	23-Feb-18	
MASI	23402.46	↑ 1.48%	23062.14	
DSI	17735.99	↑ 1.78%	17425.92	
FSI	3706.12	↑ 0.00%	3706.12	
Market capitalisation (K' b)	10,837.16	↑ 0.14%	10,822.09	
Deals	34	↑ 6.25%	32	
Value of shares traded (K' m)	167.10	↓ -97.77%	7,498.37	
Gainers				
	Current price (K)	% Δ	Previous price (K)	
NICO	45.00	↑ 7.14%	42.00	
TNM	20.00	↑ 6.33%	18.81	
Losers				
	Current price (K)	% Δ	Previous price (K)	
STANDARD	609.99	↓ -0.002%	610.00	
Treasury Bill yields				
Tenor (days)	26 Feb to 2 Mar 2018	% pts Δ	20-Feb-18	
91	13.9798%	↓ -0.0160%	13.9958%	
182	14.5000%	↑ 0.0000%	14.5000%	
364	15.0000%	↑ 0.0000%	15.0000%	
All-type	14.4933%	↓ -0.0053%	14.4986%	
Overall rejection rate	1.68%	↑ 0.79%	0.89%	
Alloted (K' b)	33.02	↑ 580.92%	4.85	
Expected maturities				
Week ending	2-Mar-18	9-Mar-18	Mar-18	
TBs, PNs & TNs	53,237	43,719	55,757	
OMO	38,216	20,864	90,684	
Inflation				
Month	Jan-18	% pts Δ	Dec-17	
Rate	8.10%	↑ 1.00%	7.10%	
RBM indicative exchange rates				
Currency	2-Mar-18	% Δ	23-Feb-18	
USD	725.70	↑ 0.00%	725.70	
GBP	1000.37	↑ -1.17%	1012.20	
ZAR	61.16	↑ -1.50%	62.09	
EUR	891.23	↑ -0.16%	892.68	
Gross official foreign exchange reserve position				
	28-Feb-18	23-Feb-18	16-Feb-18	
Reserves (USD'm)	692.41	698.51	714.68	
Import cover (months)	3.31	3.34	3.42	

(Sources: MSE, RBM, NSO)



(Source: RBM)



(Source: NSO)

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