

Malawi Stock Exchange trading activity

The Malawi All Share Index (MASI) lost by 0.64% to close the week at 30,620.09 points from 30,818.01 points the previous week on account of share price losses in FMBCH, ILLOVO, NITL and TNM which outweighed share price gains in BHL and NBM. The year-to-date return on the MASI stands at 41.77% compared to 52.25% for the corresponding period in 2017. There were no trades on the listed bond market (Source: MSE).

Corporate update

Company	Declared dividend (K)	Last day to register	Payable
SUNBIRD	0.50	16-Nov-18	23-Nov-18

Treasury Bill auctions

Government raised K8.78b through a Treasury Bill (TB) auction conducted during the week compared to K5.60b raised the previous week. Applications for TBs during the week amounted K14.64b, representing a rejection rate of 40.01%. Maturities for the week amounted K29.43b, resulting in a net injection of K20.65b.

The average yields for TBs were stable at 14.00% for the 91-day TB, 14.50% for the 182-day TB and 15.00% for the 364-day TB, resulting in an all-type TB yield of 14.50% (Source: RBM). Looking forward, the stability of TB yields is expected to continue 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 pressures on inflation.

Interbank market activity

Liquidity levels decreased by 66.64% to a daily average of K3.27b from K9.81b registered in the previous week. Accordingly, the daily average volume traded on the interbank market almost doubled to K9.43b from K4.95b the previous week. The average overnight interbank rate decreased to 14.86% from 14.92% for the previous week. The total amount accessed from the Lombard Facility increased by 79.48% to K19.99b compared to K11.14b accessed during the previous week. The Lombard rate remained fixed at 18.00%. There were no Open Market Operations (OMOs) conducted by RBM during the week (Source: RBM).

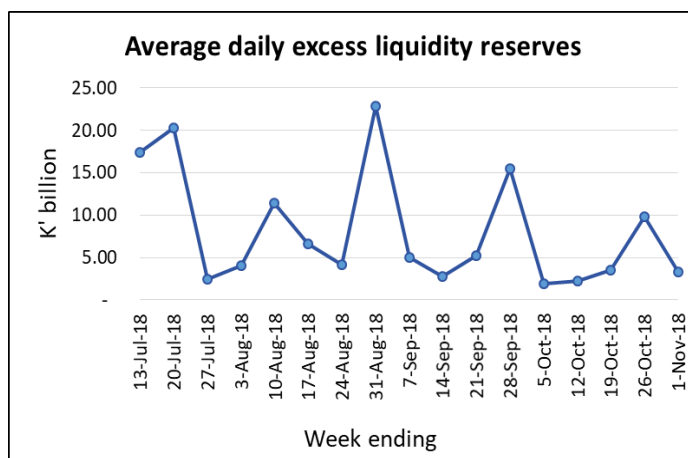
Foreign exchange market developments

The Kwacha depreciated against all the major trading currencies during the week. The RBM indicative middle rate for USD/MWK closed the week at 729.0395 from 728.9845 recorded as at the end of the previous week (Source: RBM).

Gross official forex reserves stood at USD727.63m (3.48 months of import cover) on 28th September 2018, a decrease of about 3% from USD753.52m (3.61 months of import cover) reported on 31st August 2018 (Source: RBM). Since the beginning of October 2018, RBM has been only publishing end of the month positions of forex reserves, as opposed to daily positions as was previously done.

Stock market				
	2-Nov-18		% Δ	26-Oct-18
MASI	30,620.09	↓	-0.64%	30,818.01
DSI	20,936.54	↓	-0.85%	21,116.50
FSI	7,196.88	↓	-0.01%	7,197.38
Market capitalisation (K'b)	1,357.25	↓	-0.64%	1,366.02
Gainers	Current price (K)		% Δ	Previous price (K)
BHL	12.58	↑	2.28%	12.30
NBM	332.00	↑	0.60%	330.03
Losers	Current price (K)		% Δ	Previous price (K)
FMBCH	138.99	↓	-0.01%	139.00
ILLOVO	204.84	↓	0.00%	204.85
NITL	85.99	↓	-0.01%	86.00
TNM	24.50	↓	-3.88%	25.49
Treasury Bill auctions				
	30-Oct-18		% pts Δ	23-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)	8,779.57	↑	56.81%	5,598.80
Overall rejection rate	40.01%	↑	40.01	0.00%
Projected maturities				
Week ending	26-Oct-18		31-Oct-18	02-Nov-18
TBs, PN's & TN's (K'm)	5,766		38,454	9,556
OMO (K'm)	14,700		33,547	19,875
Inflation				
Rate	Sep-18		% pts Δ	Aug-18
	9.50%	↑	0.20	9.30%
RBM indicative mid exchange rates				
	2-Nov-18		% Δ	26-Oct-18
USD	729.0395	↓	0.01%	728.9845
GBP	947.8243	↓	1.45%	934.2665
ZAR	50.9373	↓	2.49%	49.7000
EUR	832.1257	↓	0.45%	828.4180
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)

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