

MASI gains

The Malawi All Share Index (MASI) gained by 6.67% to close the week at 26714.45 points due to share price increases in FMBCH, NBM, Sunbird and OML. Total value traded decreased by 8.75% to K362.81m from K397.67m recorded the previous week. A total of 8,002,154 shares were traded during the week compared to 36,276.318 shares that switched hands the previous week. Year to date return on the MASI stands at 23.69% (2017: 13.46%). There was no trade on the listed government securities during the week (Source: MSE).

March 2018 inflation increases to 9.9%

Inflation quickened to 9.9% year-on-year in March 2018 from 7.8% in February 2018. The increase is largely on account of an upsurge in food inflation from 7.3% in February 2018 to 10.6% in March 2018. Nonfood inflation, however, increased only by 0.3% (Source: NSO). The March 2018 inflation rate is the highest recorded since July 2017. Inflation outlook remains uncertain following an irregular rainfall pattern during the 2017/18 agricultural season and the attack of fall army worms on crops. The monetary authorities are, however, expected to maintain the current monetary stance and the 2.1 percentage point uptick in inflation may not affect interest rate movements in the short term.

Treasury Bills

The Malawi Government raised a total of K14.28b through Treasury bill auctions during the week, compared to K21.53b raised during the previous week, largely to finance maturities. The average yield was steady at 14.50%. The auctions registered no rejection (Source: RBM). Looking forward, Treasury bill yields could remain steady for some time amid uncertainties regarding inflation. If inflation remains relatively low in the medium term, the yields could decline as the authorities target cheaper funds.

Interbank market

Liquidity decreased during the week to a daily average of K15.17b from K16.34b the previous week. The average overnight interbank rate decreased to 13.98% from 14.06%. The daily average volume traded on the interbank market decreased to K4.88b from K5.59b the previous week. A total of K3.95b was accessed on the Lombard Facility during the week at a rate of 18.00%, compared to K13.45b during the previous week at the same rate. No mop-up open market operations (OMO) were conducted by RBM. (Source: RBM). We expect upward liquidity pressures to persist during the agricultural marketing season and the RBM to intensify mop up operations during the period in order to reduce unfavorable effects of liquidity on inflation.

Kwacha exchange rate movements

While the Kwacha marginally appreciated against USD and by just over 1.1% against GBP, it depreciated against EUR and ZAR. Gross official reserves slightly decreased to USD645.47m (3.03 months of imports) as at 18th April 2018 from USD645.97m (3.09 months of imports) recorded on 13th April 2018 (Source: RBM). We expect the Kwacha to maintain ground in the medium term backed by an improvement in foreign exchange reserves following the commencement of the Tobacco marketing season.

Stock market indices			
	20-Apr-18	% Δ	13-Apr-18
MASI	26714.45	6.67%	25044.04
DSI	17846.11	0.32%	17788.57
FSI	6710.76	29.12%	5197.43
Market capitalisation (K' b)	13,988.06	9.86%	12,732.09
Deals	49	16.67%	42
Value of shares traded (K' m)	362.81	-8.75%	397.62
Gainers	Current price (K)	% Δ	Previous price (K)
FMBCH	130.00	30.00%	100.00
NBM	285.00	0.30%	284.14
SUNBIRB	134.16	7.33%	125.00
OML	2600.00	10.17%	2360.00
Treasury Bill yields			
Tenor (days)	17 & 19 April 2018	% pts Δ	10, 12 & 13 April 2018
91	14.00%	0.00	14.00%
182	14.50%	0.00	14.50%
364	15.00%	0.00	15.00%
All-type	14.50%	0.00	14.50%
Overall rejection rate	0.00%	0.00	0.00%
Alloted (K' b)	14.28	-33.67%	21.53
Expected maturities			
Week ending	20-Apr-18	27-Apr-18	April 2018
TBs, PNs & TNs	12,228	3,725	29,957
OMO	27,793	4,461	70,542
Inflation			
Month	Mar-18	% pts Δ	Feb-18
Rate	9.90%	2.10	7.80%
Cumulative Tobacco sales (Week 1)			
Year	2018	Δ	2017
Volume (Kg)	4,397,197	225.88%	1,349,317
Value (USD)	5,728,313	214.50%	1,821,387
Average price (USD/ Kg)	1.30	-3.50%	1.35
RBM indicative exchange rates			
Currency	20-Apr-18	% Δ	13-Apr-18
USD	725.6117	-0.02%	725.7456
GBP	1021.5162	-1.11%	1033.0262
ZAR	60.6278	0.70%	60.2039
EUR	895.4774	-0.09%	894.6992
Gross official foreign exchange reserve position			
	18-Apr-18	13-Apr-18	6-Apr-18
Reserves (USD'm)	642.47	645.97	653.72
Import cover (months)	3.03	3.09	3.13

(Sources: MSE, RBM, NSO)

Company	Status	2017 PAT (K'b)	Movement	2016 PAT (K'b)
ECOBANK	Unlisted	3.86	-9.39%	4.26
NFB	Unlisted	-1.84	3%	-1.90
NITL	Listed	2.22	307.48%	-1.07
NBM	Listed	19.15	15%	16.61
PCL	Listed	39.67	159%	15.31
STANDARD	Listed	12.16	-37.42%	19.43
SUNBIRB	Listed	2.43	82%	1.34
TNM	Listed	13.11	60%	8.21

(Source: ECOBANK, NFB, MSE)

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