

### 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 18<sup>th</sup> April 2018 from USD645.97m (3.09 months of imports) recorded on 13<sup>th</sup> 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)

**Disclaimer:** The views expressed in this report are those of the authors and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against any of the authors, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.