

MSE trading activity

The Malawi All Share Index (MASI) gained by 2.93% to close the week at 31,942.84 from 31,034.58 the previous week, due to share price increases in FMBCH and NICO. 10,179,117 shares were traded during the week compared to 2,023,848 the previous week, representing a fourfold increase. The year-to-date return on the MASI stands at 47.90% compared to 24.93% for the corresponding period in the previous year. There was no trades on the listed bond market (Source: MSE).

Foreign exchange market developments

The Kwacha remained stable against the USD and EUR during the week, while appreciating against the GBP and ZAR. Gross official foreign exchange reserves dropped to USD748.41m (3.58 months of import cover) as at 19th July 2018 from USD761.51m (3.64 months of import cover) recorded on 13th July 2018 (Source: RBM). The Kwacha is expected to remain stable in the short term as foreign exchange inflows continue from the ongoing tobacco auction sales. As at the end of week 14 of the tobacco auctions on 13th July 2018, USD239.71m had been realised, compared to USD186.46m realised during a corresponding period in 2017 (Source: TCC).

Treasury Bill market

Government raised a total of K31.15b through Treasury Bill auctions conducted during the week, an increase of 95.91% when compared to K15.90b raised in the previous week. The auctions registered a zero rejection rate. The average yield was steady at 14.50% (Source: RBM). Treasury Bill yields are expected to remain stable in the near-term. However, persistent inflation risks threaten continued stability of interest rates in general in the medium to long term.

Interbank market activity

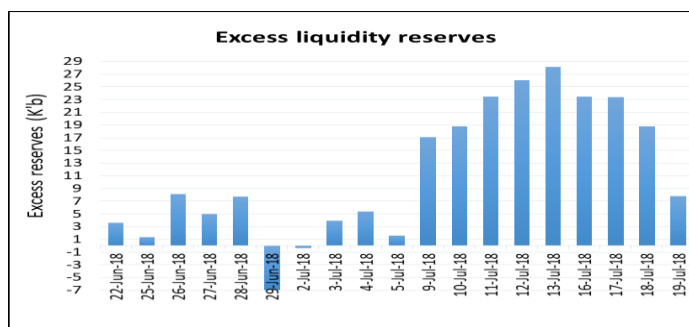
Liquidity levels increased during the week, with excess reserves increasing by 16.88% to a daily average of K20.31b from K17.38b the previous week. Consequently, access on the Lombard Facility decreased to K1.30b compared to K12.60b accessed during the previous week. The daily average volume traded on the interbank market decreased to K4.42b from K7.00b the previous week. The average overnight interbank rate decreased to 13.48% from 15.38%. As in the previous week, there were no Open Market Operations (OMO) by RBM during the week under review (Source: RBM).

Inflation update

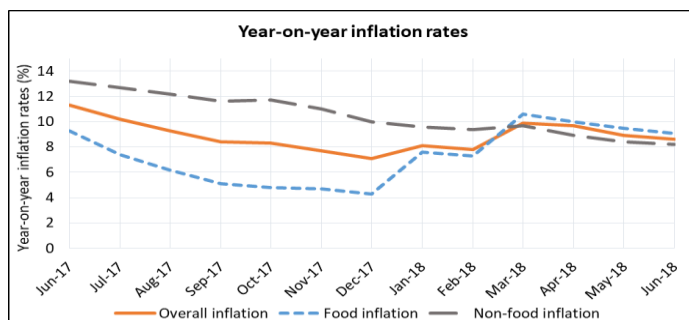
Year-on-year headline inflation rate declined to 8.6% in June 2018 from 8.9% in May 2018 as both year-on-year food and non-food inflation rates declined during the month to 9.1% and 8.2%, respectively, from 9.5% and 8.4% in the previous month (Source: NSO). Looking forward, inflation pressures are expected to build up in the ensuing months as the economy responds to the recent adjustment in fuel prices. On 17th July 2018 the Malawi Energy Regulatory Authority (MERA) increased pump prices of petrol by 7.68% to K888 per litre, diesel by 9.21% to K890.90 and paraffin by 10.88% to K719.30 per litre due to rising oil prices on the international market.

Stock market indices			
	20-Jul-18	% Δ	13-Jul-18
MASI	31942.84	↑ 2.93%	31034.58
DSI	20412.09	↑ 0.53%	20304.82
FSI	8980.99	↑ 9.02%	8237.82
Market capitalisation (K' b)	1,415.88	↑ 2.93%	1,375.62
Gainers			
	Current price (K)	% Δ	Previous price (K)
FMBCH	175.00	↑ 9.38%	160.00
NICO	54.00	↑ 10.20%	49.00
Losers			
	Current price (K)	% Δ	Previous price (K)
None			
Treasury Bill auctions			
Auctions held on 17, 18 & 19 July 2018			
Tenor (days)		% Δ	Auction held on 10 July 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 (K' m)	0.00		0.00
Allotted (K' m)	31,153.46	↑ 95.91%	15,901.80
Projected maturities			
	20-Jul-18	27-Jul-18	Jul-18
TBs, PNs & TNs	15,968	8,685	44,387
OMO	7,704	1,341	59,634
Inflation			
	Jun-18	% pts Δ	May-18
Rate	8.60%	↓ -0.30	8.90%
Cumulative tobacco sales as at 13th July 2018 (week 14)			
	2018	% Δ	2017
Volume (Kg)	137,605,305	↑ 45.82%	94,365,361
Value (USD)	239,712,589	↑ 28.56%	186,457,105
Average price (USD/Kg)	1.74	↓ -12.12%	1.98
% of GDP	5.18	↑ 28.56%	4.03
RBM indicative mid exchange rates			
Currency	20-Jul-18	% Δ	13-Jul-18
USD	725.9868	↓ 0.04%	725.7091
GBP	945.8882	↑ -1.07%	956.1217
ZAR	53.6754	↑ -1.92%	54.7275
EUR	846.9362	↓ 0.09%	846.1768
Gross official foreign exchange reserves position			
	19-Jul-18	13-Jul-18	5-Jul-18
Reserves (USD'm)	748.41	761.51	748.50
Import cover (months)	3.58	3.64	3.58

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)



(Source: NSO)

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