

### Malawi Stock Exchange (MSE) trading activity

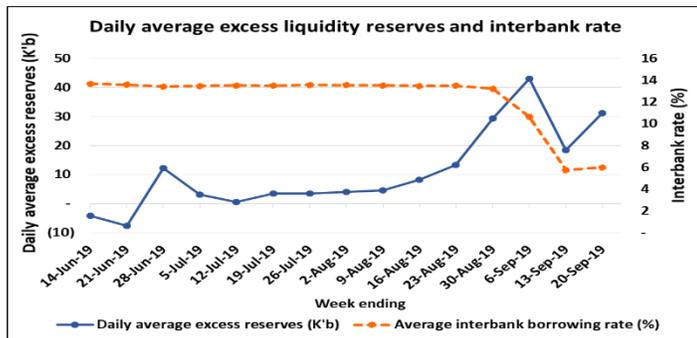
The Malawi All Share Index (MASI) gained by 0.69% to close the week at 29,550.18 points from 29,348.68 points the previous week due to share price gains in NBM and NBS. There was no price movement in the rest of the companies registered on the MSE. A total of 104,314,581 shares were traded at a consideration of K1.55b, compared to 19,594,068 shares traded in the previous week at a consideration of K417.32m. This represents a more than four-fold increase in traded volume and a more than two-fold increase in traded value. Year-to-date return on the MASI stands at 1.96% compared to 50.17% in the corresponding period in 2018 (Source: MSE).

### Government securities

Government raised K4.80b from Treasury Bill (TB) auctions during the week as planned; the same amount was raised in the previous week. There was no auction for Treasury Notes and no open market operations during the week. Maturities for the week amounted to K17.81b, resulting in a net injection of K13.01b into the market. The all-type average TB yield decreased to 9.50% from 9.72% the previous week. The 91-day, 182-day and 364-day yields decreased to 9.00%, 9.64% and 9.87%, respectively (Source: RBM).

### Interbank market activity

Excess liquidity reserves increased to an average of K31.19b per day from K18.31b per day in the previous week. However, borrowing on the interbank market increased to K7.20b from K3.70b in the previous week and the average interbank borrowing rate increased to 5.98% from 5.75%. No amount was accessed on the Lombard facility during the week as was the case in the previous week (Source: RBM).



(Source: RBM)

### Foreign exchange market developments

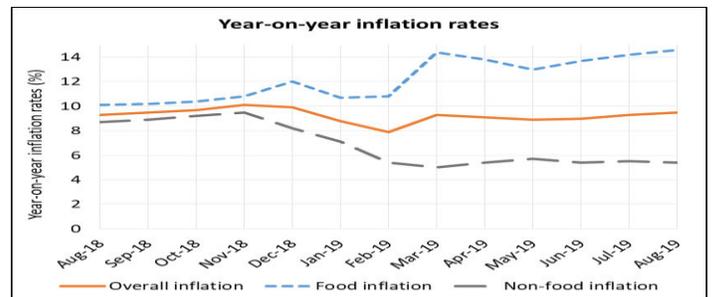
The Kwacha depreciated against USD, GBP and EUR during the week but appreciated against ZAR. The USD/MWK average indicative middle rate closed the week at 735.6838 from 732.9182 in the previous week. Gross official forex reserves remain high and stood at USD705.68m (3.37 months of import cover) on 30<sup>th</sup> August 2019, a slight increase from USD704.14m (3.37 months of import cover) recorded on 31<sup>st</sup> July 2019 (Source: RBM).

### Inflation

Year-on-year headline inflation rate increased to 9.5% in August 2019 from 9.3% in July 2019 due to an increase in year-on-year food inflation rate to 14.6% from 14.2% the preceding month which outweighed a marginal decrease in non-food inflation rate to 5.4% from 5.5% (Source: NSO).

Stock market				
	20-Sep-19		% Δ	13-Sep-19
MASI	29,550.18	↑	0.69%	29,348.68
DSI	22,739.00	↑	0.81%	22,557.21
FSI	4,272.58	→	0.00%	4,272.58
Traded volume	104,314,581	↑	432.38%	19,594,068
Number of trades	47	↓	-37.33%	75
Value of shares traded (K'm)	1,551.03	↑	271.66%	417.32
Market capitalisation (K'm)	1,394,621.13	↑	0.67%	1,385,281.41
Gainers				
	Current price (K)		% Δ	Previous price (K)
NBM	390.00	↑	5.39%	370.06
NBS	12.01	↑	0.08%	12.00
Losers				
None				
Projected maturities				
	20-Sep-19	13-Sep-19		6-Sep-19
TBs, PNs & TNs (K'm)	4,453	4,490		10,884
OMO (K'm)	13,361	31,851		0
Treasury Note auctions				
	10-Sep-19	29-Aug-19		13-Aug-19
Tenor	10 Years	3 Years		7 Years
Coupon rate	15.50%	9.00%		14.00%
Amount offered - cost value (K'b)	5.29	28.04		899.20%
Applied for - face value (K'b)	25.50	43.85		36.75
Allotted - face value (K'b)	5.98	31.00		10.15
Allotted - cost value (K'b)	5.29	28.03		8.93
Allotted - weighted average ytm	18.04%	13.87%		17.00%
Treasury Bill auctions				
	17-Sep-19		% pts Δ	10-Sep-19
Amount offered - cost value (K'm)	4,798.00	→	0.00%	4,798.00
Applied - cost value (K'm)	32,440.50	↑	7.00%	30,318.13
Allotted - cost value (K'm)	4,797.91	↑	0.006%	4,797.61
Overall rejection rate	85.21%	↓	1.03	84.18%
91 days yield	9.00%	↓	-0.15	9.15%
182 days yield	9.64%	↓	-0.36	10.00%
364 days yield	9.87%	↓	-0.12	10.00%
All-type yield	9.50%	↓	-0.21	9.72%
Current yields for Treasury Notes				
	Tenor	Current yield	Last auction	Next auction
	2-year	12.20%	6-Jun-19	7-Oct-19
	3-year	13.87%	29-Aug-19	TBA
	5-year	16.16%	18-Apr-19	23-Sep-19
	7-year	17.00%	13-Jul-19	21-Oct-19
	10-year	18.04%	10-Sep-19	TBA
Upcoming Treasury Note auctions				
	Auction date	Tenor	Amount (K'b)	Last coupon rate
	23-Sep-19	5 years	11.37	10.00%
	7-Oct-19	2 years	15.87	8.00%
	21-Oct-19	7 years	8.99	14.00%
Inflation				
	Aug-19		% pts Δ	Jul-19
Rate	9.50%	↑	0.20	9.30%
Cumulative tobacco sales as at 23 August 2019 (week 18) versus 2018				
	Week 18 2019		% Δ	Week 18 2018
Volume (Kg' million)	143.90	↓	-16.14%	171.60
Value (USD' million)	211.50	↓	-28.76%	296.90
Average price (USD/Kg)	1.47	↓	-15.03%	1.73
RBM indicative mid exchange rates				
	20-Sep-19		% Δ	13-Sep-19
USD	735.6838	↓	0.38%	732.9182
GBP	923.6510	↓	2.06%	905.0074
ZAR	49.8424	↑	-0.85%	50.2712
EUR	813.2984	↓	0.27%	811.1206
Gross official foreign exchange reserves position				
	30-Aug-19	31-Jul-19		30-Jun-19
Reserves (USD'm)	705.68	704.14		765.82
Import cover (months)	3.37	3.37		3.66

(Sources: MSE, RBM, NSO)



(Source: NSO)

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