

### Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) was constant at 29,669.56 points during the week as none of the listed companies registered a share price movement. A total of 902,938 shares were traded on the Exchange at a consideration of K241.28m, compared to 3,549,463 shares traded in the previous week at a consideration of K111.14m. This represents a decrease of 74.56% in volume and an increase of 117.09% in value since the previous week. The year-to-date return on the MASI stands at 2.37% compared to 42.32% recorded during a corresponding period in 2018. There was no trade on the listed bond market (*Source: MSE*).

### Corporate news

Press Corporation Plc is expecting its profit after tax (PTA) for the half year ending 30<sup>th</sup> June 2019 to be lower than the previous corresponding period by more than 30%. In the corresponding period in 2018, PCL posted a PTA of K23.08b which included a one-off gain of K8.4b emanating from a share-subscription transaction involving Open Connect Limited (*Source: MSE*).

### Government securities

Government raised K4.80b from a Treasury Bill (TB) auction during the week compared to K7.34b that was raised in the previous week. There was no auction for Treasury Notes during the week. Maturities for the week amounted to K14.20b, resulting in a net injection of K9.40b. There were no open market operations (OMO) during the week as was the case in the previous week. TB yields were constant at 9.00%, 9.50% and 10.00% for the 91-day, 182-day and 364-day tenors, respectively (*Source: RBM*).

### Interbank market activity

The market continued to face liquidity challenges during the week as excess liquidity reserves decreased to an average of negative K7.60b per day from an average of negative K4.13b per day in the previous week. Consequently, borrowing on the interbank market increased to an average of K20.36b per day from K11.45b per day during the previous week. The average interbank borrowing rate decreased to 13.57% from 13.64%. A total of K53.79b was accessed on the Lombard facility during the week at a fixed rate of 13.9%, compared to K130.65b in the preceding week (*Source: RBM*).

### Foreign exchange market developments

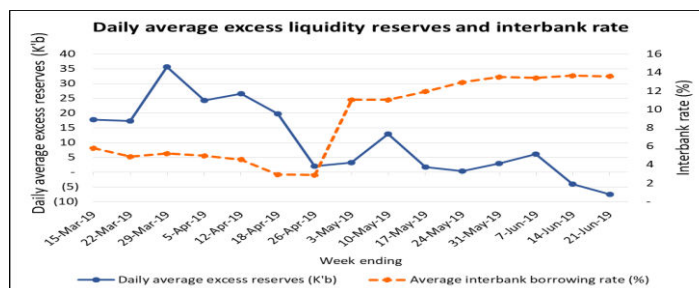
The Kwacha continued to depreciate against all the major trading currencies during the week, with the USD/MWK indicative middle rate closing the week at 777.8504 from 766.9314 in the previous week (*Source: RBM*). The weakening of the Kwacha recently is largely on account of uncertainties regarding political stability and government policy in the aftermath of the general elections that were conducted on 21<sup>st</sup> May 2019. We expect the Kwacha to remain under pressure for as long as the uncertainties prevail, regardless of the position of forex reserves. Gross official forex reserves remain high and stood at USD766.10m (3.67 months of import cover) on 30<sup>th</sup> April 2019 (*Source: RBM*).

### Inflation

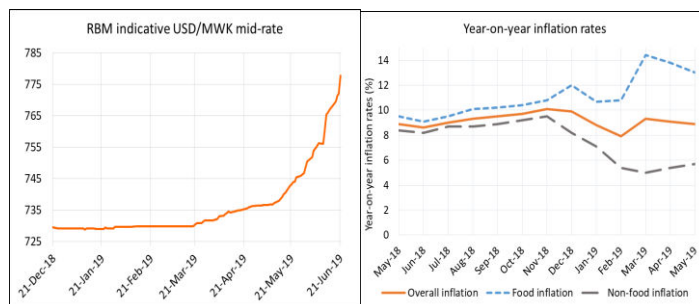
Year-on-year headline inflation rate decreased to 8.9% in May 2019 from 9.1% in April 2019 due to a decrease in year-on-year food inflation rate to 13.0% from 13.8% the preceding month which outweighed an increase in non-food inflation rate to 5.7% from 5.4% (*Source: NSO*).

Stock market				
	21-Jun-19	% Δ	14-Jun-19	
MASI	29,669.56	0.00%	29,669.56	
DSI	22,619.34	0.00%	22,619.34	
FSI	4,520.31	0.00%	4,520.31	
Traded volume	902,938	-74.56%	3,549,463	
Number of trades	40	-40.30%	67	
Value of shares traded (K'm)	241.28	117.09%	111.14	
Market capitalisation (K'm)	1,398,851.95	0.00%	1,398,851.95	
Gainers				
None				
Losers				
None				
Treasury Bill auctions				
Auction date	18-Jun-19	% pts Δ	11 & 13 June 2019	
91 days yield	9.00%	0.00	9.00%	
182 days yield	9.50%	0.00	9.50%	
364 days yield	10.00%	0.00	10.00%	
All-type yield	9.50%	0.00	9.50%	
Applied - cost value (K'm)	4,798.24	-57.46%	11,279.22	
Allotted - cost value (K'm)	4,798.24	-34.61%	7,337.56	
Overall rejection rate	0.00%	-34.95	34.95%	
Upcoming Treasury Note auction				
Tenor	Auction date	Settlement date	Coupon rate	
3 years	25-Jun-19	27-Jun-19	9.00%	
Projected maturities				
Week ending	21-Jun-19	28-Jun-19	Jun-19	
TBs, PNs & TNs (K'm)	9,361	6,474	37,701	
OMO (K'm)	4,834	4,836	24,535	
Inflation				
Rate	May-19	% pts Δ	Apr-19	
	8.90%	-0.20	9.10%	
Cumulative tobacco sales as at 14 June 2019 (week 8) versus 2018				
	Week 8 2019	% Δ	Week 8 2018	
Volume (Kg' million)	54.39	-27.08%	74.59	
Value (USD' million)	77.32	-36.95%	122.63	
Average price (USD/Kg)	1.42	-13.41%	1.64	
RBM indicative mid exchange rates				
	21-Jun-19	% Δ	14-Jun-19	
USD	777.8504	1.42%	766.9314	
GBP	986.9366	1.52%	972.1622	
ZAR	54.1004	4.85%	51.5980	
EUR	877.8820	1.56%	864.4084	
Gross official foreign exchange reserves position				
	30-Apr-19	31-Mar-19	28-Feb-19	
Reserves (USD'm)	766.10	775.45	837.49	
Import cover (months)	3.67	3.71	4.01	

(Sources: MSE, RBM, NSO)



(Source: RBM)



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(Source: NSO)

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