

MASI marginally gains

The MASI gained by a marginal 0.5451% to close the week at 21598.07 points on account of share price increases in NBM, TNM and OML by K0.06, K0.50 and K30.00, respectively. Total value traded increased significantly by 11811.92% to K554.27m. A total of 36,068,260 shares were traded during the week compared to 345,985 shares transacted the previous week. Year to date return on the MASI stands at 62.14% (2016: -10.16%) (Source: MSE).

Corporate update

The Board of Directors of TNM have declared a second interim dividend of 20t per share to be paid on 19th January 2018 to shareholders who will be on the register by 5th January 2018 (Source: MSE).

Kwacha exchange rate movements

During the week, the Kwacha appreciated against the GBP but depreciated against the EUR and ZAR. The Kwacha remained stable against the USD. Gross official reserves decreased to USD759.00m (3.63 months of imports) as at 20th December 2017 from USD763.34m (3.65 months of imports) recorded on 15th December, 2017 (Source: RBM). In the short to medium term, we expect the Kwacha to remain fairly stable on account of improved supply of forex in the market which is enough to offset current demand arising from foreign bill payments including importation of agricultural inputs.

MPC reduces the Policy rate

The MPC cut the policy rate by 200 basis points to 16% upon conclusion of their meeting held on 19th and 20th December 2017. The Committee indicated that the monetary policy stance was taken after considering the recent disinflation, inflation outlook and the desire to consolidate the gains made in stabilizing the economy. The committee, however, maintained the Liquidity Reserve Requirement (LRR) at 7.5 percent. All other interest rates on the market are expected to decline following the cut in the policy rate.

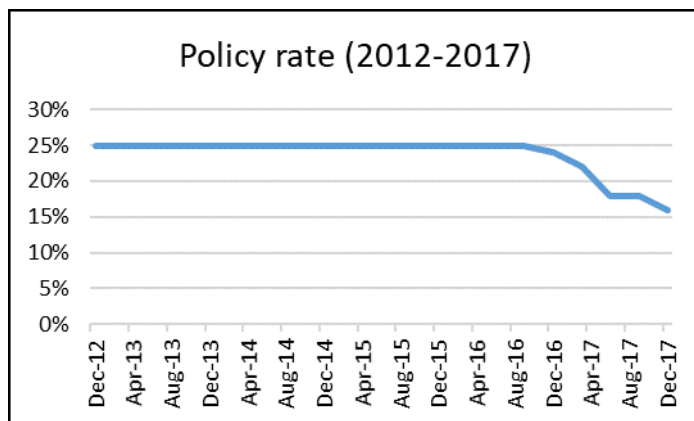
Treasury Bill yields marginally drop

At the TB auction held during the week, K3.51b was raised. The average all type TB rate slightly increased to 15.50% from 15.48% observed the previous week. The auction registered no rejection (Source: RBM). Looking forward, we expect Treasury Bill yields to face a downward pressure following the downward revision of the Policy rate.

Interbank market

Liquidity increased to a daily average of K10.42 from K5.2b the previous week. The average overnight interbank rate decreased to K15.95 from 16.43%. The daily average volume traded on the interbank market was K10.65 from K7.10b the previous week. Access to the Lombard Facility decreased to K7.27 from K8.38b. Total maturities for the week amounted to K34.94b. RBM mopped up K34.97b from the market through OMOs at an average rate of 15.60% (Source: RBM). In the near term, the interbank rate could decrease due to the Policy rate cut.

Stock market indices				
	22-Dec-17	% Δ	15-Dec-17	
MASI	21598.07	↑ 0.5451%	21480.98	
DSI	16272.64	↑ 0.6422%	16168.8	
FSI	3519.43	↑ 0.08%	3516.49	
Market capitalisation (K' b)	10,609.49	↑ 0.42%	10,565.39	
Deals	24	↑ 200.00%	8	
Value of shares traded (K' m)	554.27	↑ 11811.92%	4.65	
Gainers	Current price (K)	% Δ	Previous price (K)	
NBM	270.08	↑ 0.022%	270.02	
TNM	14.50	↑ 3.571%	14.00	
OML	1960.00	↑ 1.554%	1930.00	
Losers	Current price (K)	% Δ	Previous price (K)	
None				
Treasury Bill yields				
Tenor (days)	19-Dec-17	% pts Δ	12-Dec-17	
91	15.00%	↑ 0.06%	14.93%	
182	15.50%	↑ 0.00%	15.50%	
364	16.00%	↓ 0.00%	16.00%	
All-type	15.50%	↑ 0.02%	15.48%	
Overall rejection rate	0.00%	→ 0.00%	0.00%	
Alloted (K' b)	3.51	↓ -22.20%	4.51	
Expected maturities				
Week ending	22-Dec-17	29-Dec-17	5-Jan-18	
TBs, PNs & TNs	18,809	2,859	6,597	
OMO	16,128	1,099	26,666	
Inflation				
Month	Nov-17	% pts Δ	Oct-17	
Rate	7.70%	↓ -0.60%	8.30%	
RBM - mid exchange rates				
Currency	22-Dec-17	% Δ	15-Dec-17	
USD	725.40	→ 0.00%	725.40	
GBP	970.73	↑ -0.42%	974.79	
ZAR	56.85	↓ 5.79%	53.74	
EUR	859.60	↓ 0.56%	854.81	
Gross official foreign exchange reserve position				
	20-Dec-17	15-Dec-17	8-Dec-17	
Reserves (USD'm)	759	763.34	745.09	
Import cover (months)	3.63	3.65	3.57	



Source: RBM

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