

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 2.33% to close the week at 27,726.75 points from 28,387.13 points reported in the previous week due to share price losses in BHL and TNM which outweighed share price gains in FMBCH, MPICO, NBS and NICO. The market registered decreases in the value of shares traded during the week to K338.05m from K4.15b the previous week, and in the volume of traded shares to 1,862,552 from 4,571,146. The year-to-date return on the MASI stands at negative 4.34% compared to 5.60% recorded during a corresponding period in 2018. There was no trade on the listed bond market (Source: MSE).

Government securities

The Government raised a total of K11.61b through an auction for Treasury Bills (TB) during the week at an average yield of 10.54%. Applications for TBs for the week amounted K17.74b, representing a 34.54% rejection rate. During a similar auction in the previous week, a total of K17.06b was raised at an average yield of 10.50% and a rejection rate of 23.63% (Source: RBM).

Maturities for the week amounted K39.70b and the Reserve Bank of Malawi (RBM) withdrew a total K29.03b from the market through open market operations (OMO), resulting in a net withdrawal of K941.62m (Source: RBM).

The all-type (average) yield for TBs slightly increased to 10.54% during the week from 10.50% the previous week, on account of an increase in the 91-day yield to 9.63% from 9.50% while the 182-day and 364-day yields were constant at 10.50% and 11.50%, respectively (Source: RBM).

Interbank market activity

Liquidity levels decreased during the week with excess liquidity reserves decreasing by 46.30% to an average of K11.91b per day compared to an average of K22.18b per day in the previous week. The average overnight interbank rate decreased to 5.03% from 5.76% for the previous week. The volume traded on the interbank market increased by 74.28% to a daily average of K3.13b from K12.17b per day the previous week. There was no access on the Lombard Facility during the week (Source: RBM).

Foreign exchange market developments

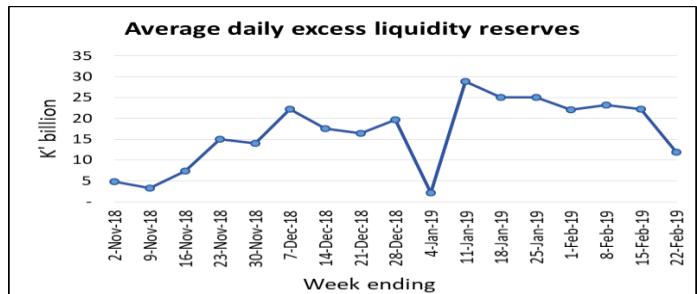
The Kwacha depreciated against all the major trading currencies during the week. The indicative middle rate for USD/MWK closed the week at 729.8427 from 729.8276 the preceding week. Gross official forex reserves stood at USD790.28m (3.78 months of import cover) on 31st January 2019, an increase of 4.64% from USD755.22m (3.61 months of import cover) reported on 31st December 2018 (Source: RBM).

Inflation

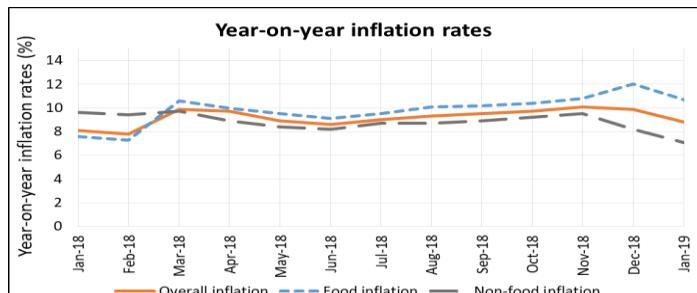
Year-on-year headline inflation rate stood at 8.8% in January 2019, declining from 9.9% the previous month on account of a decrease in both food and non-food year-on-year inflation rates to 10.7% from 12.0% and to 7.1% from 8.2%, respectively (Source: NSO).

| Stock market | | | |
|---|-------------------|-----------------|--------------------------|
| | 22-Feb-19 | % Δ | 15-Feb-19 |
| MASI | 27,726.75 | ↓ -2.33% | 28,387.13 |
| DSI | 20,864.56 | ↓ -2.78% | 21,460.81 |
| FSI | 4,522.44 | ↑ 0.01% | 4,521.94 |
| Traded volume | 1,862,552 | ↓ -59.25% | 4,571,146 |
| Number of trades | 68 | ↓ -2.86% | 70 |
| Value of shares traded (K'm) | 338.05 | ↓ -91.86% | 4,153.94 |
| Market capitalisation (K'b) | 1,295.55 | ↓ -2.31% | 1,326.16 |
| Gainers | Current price (K) | % Δ | Previous price (K) |
| FMBCH | 85.01 | ↑ 0.01% | 85.00 |
| MPICO | 13.03 | ↑ 0.08% | 13.02 |
| NBS | 10.00 | ↑ 0.10% | 9.99 |
| NICO | 41.99 | ↑ 8.33% | 38.76 |
| Losers | Current price (K) | % Δ | Previous price (K) |
| BHL | 12.98 | ↓ -0.15% | 13.00 |
| TNM | 25.00 | ↓ -11.94% | 28.39 |
| Treasury Bill auctions | | | |
| Auction date | 19-Feb-19 | % pts Δ | 12-Feb-19 |
| 91 days yield | 9.63% | ↑ 0.13 | 9.50% |
| 182 days yield | 10.50% | | 10.50% |
| 364 days yield | 11.50% | ⇒ 0.00 | 11.50% |
| All-type yield | 10.54% | ↑ 0.04 | 10.50% |
| Applied - cost value (K'm) | 17,742.05 | ↓ -20.59% | 22,341.35 |
| Allotted - cost value (K'm) | 11,613.62 | ↓ -31.93% | 17,061.44 |
| Overall rejection rate | 34.54% | ↑ 10.91 | 23.63% |
| Upcoming Treasury Note auctions | | | |
| Tenor | Auction date | Settlement date | Previous auction's yield |
| 3 years | 26-Feb-19 | 28-Feb-19 | 20.00% |
| 5 years | 26-Mar-19 | 28-Mar-19 | 20.50% |
| 7 years | 23-Apr-19 | 25-Apr-19 | 24.00% |
| Projected maturities | | | |
| Week ending | 22-Feb-19 | 15-Feb-19 | Feb-19 |
| TBs, PNs & TNs (K'm) | 13,406 | 5,012 | 53,737 |
| OMO (K'm) | 26,292 | 7,564 | 60,320 |
| Inflation | | | |
| Rate | Jan-19 | % pts Δ | Dec-18 |
| | 8.80% | ↓ -1.10 | 9.90% |
| RBM indicative mid exchange rates | | | |
| | 22-Feb-19 | % Δ | 15-Feb-19 |
| USD | 729.8427 | ↓ 0.00% | 729.8276 |
| GBP | 950.8391 | ↓ 1.82% | 933.8874 |
| ZAR | 52.0573 | ↓ 0.96% | 51.5623 |
| EUR | 827.0577 | ↓ 0.44% | 823.4645 |
| Gross official foreign exchange reserves position | | | |
| | 31-Jan-19 | 31-Dec-18 | 30-Nov-18 |
| Reserves (USD'm) | 790.28 | 755.22 | 631.21 |
| Import cover (months) | 3.78 | 3.61 | 3.04 |

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)



(Source: NSO)

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