

MSE trading activity

There was no share trading activity on the Malawi Stock Exchange (MSE) during the week. Consequently prices and share price indices remained unchanged during the week. Year to date return on the MASI stands at 42.32% (same period 2017:18.37%). There was no trade on the listed government securities (*Source: MSE*).

Upcoming annual general meetings

Company	Date	Time	Venue
STANDARD	28-Jun-18	9:30hrs	Bingu International Conference Centre, Lilongwe
MPICO	28-Jun-18	14:30hrs	Sunbird Capital Hotel, Lilongwe
PCL	13-Jul-18	14:00hrs	NBM Learning and Growth Centre, Blantyre

Foreign exchange market developments

The Kwacha appreciated against all major trading currencies during the week, as foreign exchange supply continues to increase with the ongoing tobacco auction sales. As at the end of week 10 of the tobacco auctions on 15th June 2018, USD166.65m had been realised, compared to USD124.72m realised during a corresponding period in 2017. Gross official reserves increased to USD681.74m (3.26 months of imports) as at 21st June 2018 from USD667.60m (3.19 months of imports) recorded on 14th June 2018 (*Source: RBM*). The Kwacha is expected to continue to appreciate against most trading currencies in the short to medium term as foreign exchange inflows continue during the Tobacco market season.

Treasury Bill market

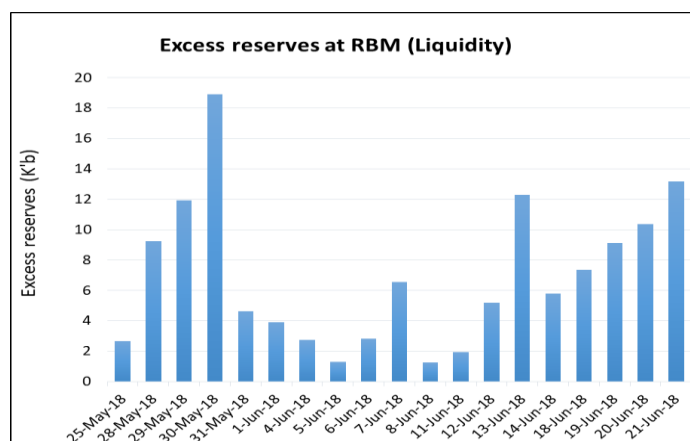
Government raised a total of K5.54b through the Treasury Bill auction conducted on 19th June 2018, a decline of 36% when compared to K8.65b raised in the previous week. The auction registered no rejection. The average yield marginally increased to 14.50% from 14.49% recorded in the previous week (*Source: RBM*). Looking forward, Treasury Bill yields could remain stable in the short term as no policy rate changes are expected in the near term, amid uncertainties regarding inflation. In the medium term, however, if inflation remains relatively low, the yields could decline as authorities target cheaper funds.

Interbank market activity

Liquidity increased during the week, with excess reserves almost doubling to a daily average of K10.01b from K5.29b the previous week. Consequently, the total amount accessed on the Lombard Facility decreased to K2.60b from K19.60b accessed during the previous week at the fixed rate of 18.00%. The daily average volume traded on the interbank market decreased to K6.34b from K8.89b the previous week. The average overnight interbank rate increased to 15.17% from 15.09%. During the week, RBM mopped up K8.89b from the market through Open Market Operations (OMO) compared to K2.53b the previous week (*Source: RBM*).

Stock market indices			
	22-Jun-18	% Δ	14-Jun-18
MA SI	30,739.20	0.00%	30739.2
DSI	20,035.43	0.00%	20035.43
FSI	8,237.82	0.00%	8237.82
Market capitalisation (K' b)	1,361.63	0.00%	1,361.63
Gainers	Current price (K)	% Δ	Previous price (K)
None			
Losers	Current price (K)	% Δ	Previous price (K)
None			
Average Treasury Bill yields			
Tenor (days)	Auction held on 19 June 2018	% Δ	Auction held on 12 June 2018
91	14.00%	0.02	13.98%
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	-100.00%	929.58
Alloted (K' m)	5,542.37	-35.93%	8,650.08
Expected maturities			
Week ending	22-Jun-18	29-Jun-18	Jun-18
TBs, PNs & TNs	4,666	21,907	44,075
OMO	23,126	23,094	57,262
Inflation			
Month	Apr-18	% pts Δ	Mar-18
Rate	9.70%	-0.20	9.90%
Cumulative tobacco sales (week 10)			
Year	2018	% Δ	2017
Volume (Kg)	98,596,916	51.34%	65,148,859
Value (USD)	166,650,931	33.62%	124,717,474
Average price (USD/Kg)	1.69	-11.52%	1.91
% of GDP	3.60	33.62%	2.69
RBM indicative mid exchange rates			
Currency	22-Jun-18	% Δ	14-Jun-18
USD	725.8480	-0.03%	726.0535
GBP	962.8374	-1.02%	972.7665
ZAR	53.5871	-2.18%	54.7791
EUR	843.8709	-1.56%	857.2514
Gross official foreign exchange reserve position			
	21-Jun-18	14-Jun-18	8-Jun-18
Reserves (USD'm)	681.74	667.60	660.56
Import cover (months)	3.26	3.19	3.16

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

Disclaimer: The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.