

### Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) closed the week at 27,445.85 points, down by 0.02% from 27,451.38 points reported in the previous week due to marginal share price losses in BHL, NBS and NICO which outweighed marginal share price gains in MPICO and NITL. The market registered an increase of 55.96% in the volume of shares traded to 10,635,712 from 6,819,629 and a decrease of 53.92% in the value of traded shares to K325.76m from K706.90m in the previous week. The year-to-date return on the MASI stands at negative 5.31% compared to 15.73% recorded during the corresponding period in 2018. There was no trade on the listed bond market (Source: MSE).

### Government securities

Government raised a total of K11.65b through an auction for Treasury Bills (TB) during the week compared to a total of K10.04b that was raised in the previous week during a similar auction, representing a 16.09% increase. Applications for TBs during the auction amounted to K43.18b, resulting in a rejection rate of 73.01%, compared to the rejection rate of 71.77% in the previous week. Maturities for the week equaled the total allotment for TBs, namely K11.65b. There were no auctions for Treasury Notes (TNs) and no open market operations conducted during the week (Source: RBM).

The all-type average TB yield decreased to 10.50% during the week from 10.66% in the previous week due to a decline in the 91-day yield to 9.50% from 9.99%. The 182-day and 364-day yields were constant at 10.50% and 11.50%, respectively (Source: RBM). We expect TB yields to stabilise around these levels in the near term.

### Interbank market activity

Liquidity levels remained elevated during the week as excess liquidity reserves marginally decreased by 2.99% to an average of K17.23b per day compared to K17.77b in the previous week. Consequently, the interbank market volume decreased to an average of K6.76b per day from K11.84b the previous week, and the average overnight interbank rate decreased to 4.86% from 5.80%. There was no access to the Lombard facility during the week, compared to K19.10b that was accessed in the previous week at a fixed interest rate of 14.90% (Source: RBM). We expect liquidity levels to remain relatively elevated in the short to medium term owing to reduced reserve requirement ratio, proceeds from agricultural sales during the harvest period beginning April 2019 and increased expenditure as we approach the general elections in May 2019, among other factors.

### Foreign exchange market developments

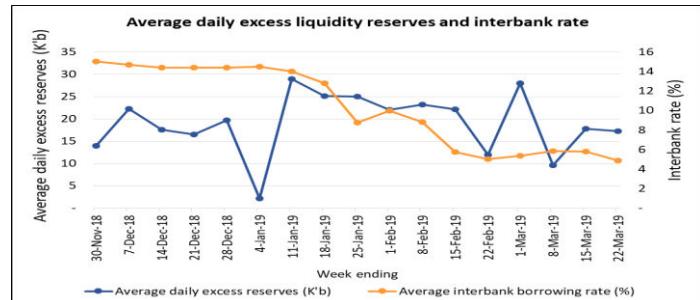
The Kwacha was broadly stable against most major trading currencies during the week. The indicative middle rate for USD/MWK marginally increased to 730.8102 from 729.8927 the previous week. Gross official forex reserves stood at USD837.49m (4.01 months of import cover) on 28<sup>th</sup> February 2019, increasing by 6.00% from USD790.28m (3.78 months of import cover) on 31<sup>st</sup> January 2019 (Source: RBM). We expect the Kwacha to remain stable in the short to medium term supported by a healthy forex reserves position.

### Inflation

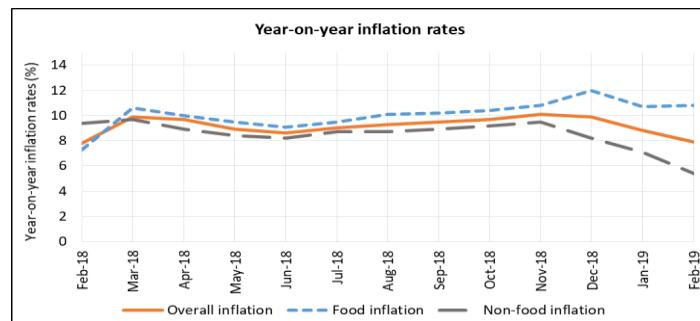
Year-on-year headline inflation rate declined to 7.9% in February 2019, from 8.8% in January 2019 on account of a decrease in year-on-year non-food inflation rate to 5.4% from 7.1% the previous month which outweighed an increase in year-on-year food inflation rate to 10.8% from 10.7% the previous month (Source: NSO).

Stock market			
	22-Mar-19	% Δ	15-Mar-19
MASI	27,445.85	↓ -0.02%	27,451.38
DSI	20,611.58	↓ -0.02%	20,616.57
FSI	4,521.94	↑ 0.00%	4,521.94
Traded volume	10,635,712	↑ 55.96%	6,819,629
Number of trades	51	↓ -30.14%	73
Value of shares traded (K'm)	325.76	↓ -53.92%	706.90
Market capitalisation (K'm)	1,282,526.10	↓ -0.02%	1,282,782.55
Gainers	Current price (K)	% Δ	Previous price (K)
MPICO	13.07	↑ 0.08%	13.06
NITL	75.00	↑ 0.01%	74.99
Losers	Current price (K)	% Δ	Previous price (K)
BHL	12.96	↓ -0.08%	12.97
NBS	9.90	↓ -0.90%	9.99
NICO	41.98	↓ -0.02%	41.99
Treasury Bill auctions			
Auction date	19-Mar-19	% pts Δ	12-Mar-19
91 days yield	9.50%	↓ -0.49	9.99%
182 days yield	10.50%	↑ 0.00	10.50%
364 days yield	11.50%	↑ 0.00	11.50%
All-type yield	10.50%	↓ -0.16	10.66%
Applied - cost value (K'm)	43,184.42	↑ 21.46%	35,553.15
Allotted - cost value (K'm)	11,653.41	↑ 16.09%	10,038.05
Overall rejection rate	73.01%	↑ 1.25	71.77%
Upcoming Treasury Note auctions			
Tenor	Auction date	Settlement date	Previous auction's yield
5 years	26-Mar-19	28-Mar-19	20.50%
7 years	23-Apr-19	25-Apr-19	24.00%
2 years	28-May-19	30-May-19	17.32%
Projected maturities			
Week ending	22-Mar-19	15-Mar-19	Mar-19
TBs, PNs & TNs (K'm)	11,653	10,134	61,036
OMO (K'm)	5,107	0	57,028
Inflation			
Rate	Feb-19	% pts Δ	Jan-19
Rate	7.90%	↓ -0.90	8.80%
RBM indicative mid exchange rates			
	22-Mar-19	% Δ	15-Mar-19
USD	730.8102	↓ 0.13%	729.8927
GBP	959.5538	↑ -0.70%	966.3049
ZAR	51.4655	↓ 2.17%	50.3743
EUR	831.3697	↓ 0.65%	826.0196
Gross official foreign exchange reserves position			
	28-Feb-19	31-Jan-19	31-Dec-18
Reserves (USD'm)	837.49	790.28	755.22
Import cover (months)	4.01	3.78	3.61

(Sources: MSE, RBM, NSO)



(Source: RBM)



(Source: NSO)

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