

### Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 0.28% to close the week at 29,153.01 points from 29,071.28 points the previous week due to share price gains in NBM and NBS. A total of 1,152,911 shares were traded on the MSE at a consideration of K37.33m, compared to 4,028,193 shares traded in the previous week at a consideration of K86.38m. This represents declines in both traded volume and value of 71.38% and 56.78%, respectively. The year-to-date return on the MASI stands at 0.58% compared to 44.82% recorded during the corresponding period in 2018. There was no trade on the listed bond market (Source: MSE).

### Corporate news

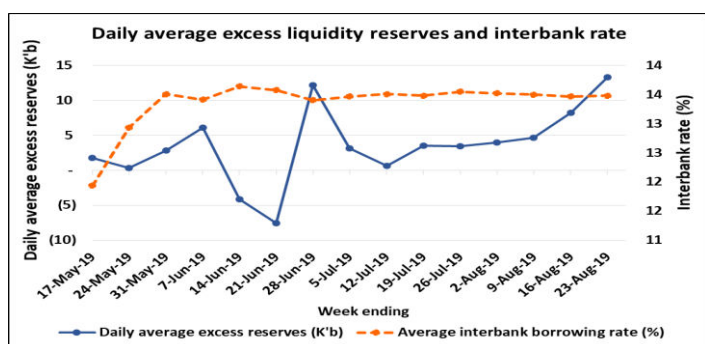
CDH Investment Bank Ltd posted a profit after tax of K548.97m for the six months ended 30<sup>th</sup> June 2019, representing a decrease of 18% from K672.39m posted as at end of June 2018. The decrease in profit is largely on account of an increase in loan loss provisions to K516.95m from K47.83m the previous year. However the bank registered a 20.38% increase in operating income compared to an increase of only 9.53% in operating expenses (Source: CDHIB).

### Government securities

Government raised K2.74b from Treasury Bill (TB) auctions during the week, approximately the same amount that was raised in the previous week. Maturities for the week amounted to K30.53b, resulting in a net injection of K27.79b into the market. There were no open market operations (OMOs) during the week. The all-type average TB yield slightly increased to 10.21% from 10.20% the previous week as the 91-day TB yield increased to 9.50% from 9.43% while the 182-day and 364-day TB yields decreased to 10.49% and 10.66% from 10.50% and 10.68%, respectively (Source: RBM).

### Interbank market activity

With the net injection into the market, liquidity levels increased during the week; excess liquidity reserves increased to an average of K13.29b per day from K8.20b in the previous week. Consequently, borrowing on the interbank market decreased to an average of K10.31b per day from K10.81b during the previous week and the average interbank borrowing rate increased to 13.48% from 13.46%. The amount accessed on the Lombard facility increased to a total of K28.10b from K20.70b at a fixed rate of 13.90% (Source: RBM).



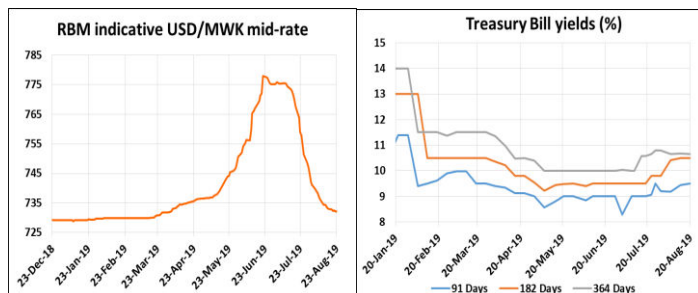
(Source: RBM)

### Foreign exchange market developments

The Kwacha appreciated against USD, ZAR and EUR during the week, but depreciated against GBP. The USD/MWK indicative middle rate closed the week at 732.1788 from 732.9893 in the previous week. Gross official forex reserves stood at USD765.82m (3.66 months of import cover) on 30<sup>th</sup> June 2019, up from USD693.00m (3.30 months of import cover) on 31<sup>st</sup> May 2019 (Source: RBM).

Stock market				
	23-Aug-19	% Δ		16-Aug-19
MASI	29,153.01	↑ 0.28%		29,071.28
DSI	22,380.68	↑ 0.33%		22,306.94
FSI	4,272.58	↓ 0.00%		4,272.58
Traded volume	1,152,911	↓ -71.38%		4,028,193
Number of trades	64	↓ 0.00%		64
Value of shares traded (K'm)	37.33	↓ -56.78%		86.38
Market capitalisation (K'm)	1,374,473.76	↑ 0.28%		1,370,685.34
Gainers				
	Current price (K)	% Δ		Previous price (K)
NBM	370.03	↑ 0.003%		370.02
NBS	10.50	↑ 14.130%		9.20
Losers				
None				
Treasury Bill auctions				
	20-Aug-19	% pts Δ		13-Aug-19
91 days yield	9.50%	↑ 0.07		9.43%
182 days yield	10.49%	↓ -0.01		10.50%
364 days yield	10.66%	↓ -0.03		10.68%
All-type yield	10.21%	↑ 0.01		10.20%
Applied - cost value (K'm)	18,383.31	↑ 247.83%		5,285.16
Allotted - cost value (K'm)	2,735.01	↓ 0.00%		2,735.09
Overall rejection rate	85.12%	↑ 36.87		48.25%
Treasury Note auctions				
	13-Aug-19		3-Jul-19	27-Jun-19
Tenor	7 Years		3 Years	3 Years
Coupon rate	14.00%		9.00%	9.00%
Applied for - face value (K'b)	36.75		0.20	15.04
Allotted - face value (K'b)	10.15		0.20	12.97
Allotted - cost value (K'b)	8.93		0.18	6.67
Allotted - weighted average ytm	17.00%		14.00%	13.72%
Upcoming Treasury Note auction				
	Auction date	Amount (K'b)		Last coupon rate
3 years (re-opening)	26-Aug-19	28.04		9.00%
10 years	9-Sep-19	5.29		
5 years	23-Sep-19	11.37		10.00%
2 years	7-Oct-19	15.87		8.00%
Projected maturities				
	Week ending	16-Aug-19	23-Aug-19	30-Aug-19
TBs, PNs & TNs (K'm)		4,328	30,532	30,622
OMO (K'm)		0	0	0
Inflation				
	Jul-19	% pts Δ		Jun-19
Rate	9.30%	↑ 0.30		9.00%
Cumulative tobacco sales as at 16 August 2019 (week 17) versus 2018				
	Week 17 2019	% Δ		Week 17 2018
Volume (Kg' million)	138.55	↓ -15.68%		164.32
Value (USD' million)	204.27	↓ -28.36%		285.16
Average price (USD/Kg)	1.47	↓ -15.52%		1.74
RBM indicative mid exchange rates				
	23-Aug-19	% Δ		16-Aug-19
USD	732.1788	↓ -0.11%		732.9893
GBP	895.2350	↓ 0.94%		886.9171
ZAR	48.1548	↓ -0.04%		48.1735
EUR	810.3755	↓ -0.40%		813.6181
Gross official foreign exchange reserves position				
	30-Jun-19	31-May-19		30-Apr-19
Reserves (USD'm)	765.82	696.30		766.10
Import cover (months)	3.66	3.33		3.67

(Sources: MSE, RBM, NSO)



(Source: RBM)

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