

MSE trading activity

The Malawi All Share Index (MASI) marginally went up to 31,284.24 as at the close of the week from 31,281.87 the previous week, due to marginal share price increases in NBM and TNM. The year-to-date return on the MASI stands at 44.85% compared to 45.28% for the corresponding period in the previous year. There were no trades on the listed bond market (Source: MSE).

Corporate update

Company	2018 H1 declared dividend per share (K)	Last day to register	Payable
MPICO	0.09	14-Sep-18	28-Sep-18
NBM	5.35	7-Sep-18	21-Sep-18
STANDARD	7.24	7-Sep-18	25-Sep-18
PCL	20.00	10-Aug-18	14-Sep-18

Foreign exchange market developments

The Kwacha was stable against the USD but depreciated against GBP, EUR and ZAR during the week. Gross official foreign exchange reserves increased to USD765.05 (3.66 months of import cover) as at 23rd August 2018 from USD752.80 (3.60 months of import cover) recorded on 17th August 2018 (Source: RBM). The Kwacha is expected to remain stable in the short term, backed by continued foreign exchange inflows from the ongoing tobacco auction sales. As at the end of week 19 of the tobacco auctions, USD307.62m had been realized, compared to USD212.47m realized during a corresponding period in 2017. The tobacco auction market is expected to close towards the end of this month (Source: TCC).

Treasury Bill market

Government raised a total of K0.94b through Treasury Bill auctions conducted during the week, a decrease of 78.47% when compared to K4.36b raised in the previous week. The auction registered no rejection. The average yield was slightly dropped to 14.40% from 14.50% the previous (Source: RBM). Treasury Bill yields are expected to remain stable in the near-term. However, persistent inflation risks threaten continued stability of interest rates in general in the medium to long term.

Interbank market activity

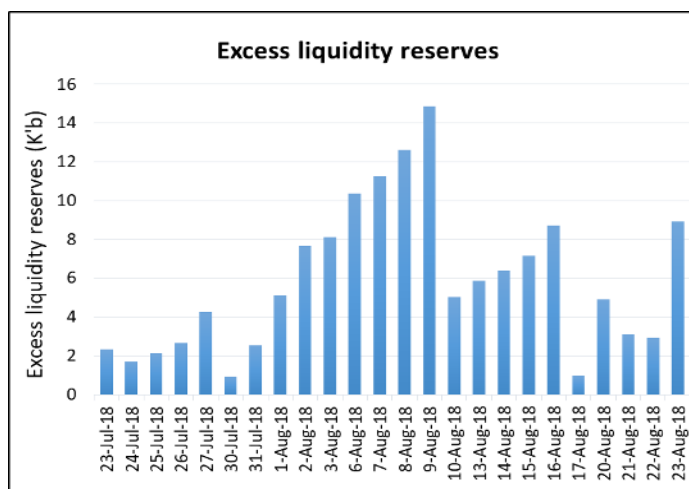
Liquidity levels decreased during the week, with excess reserves decreasing by 37.12% to a daily average of K4.17b from K6.64b the previous week. Total amount accessed on the Lombard Facility decreased by 53% to K19.96b compared to K42.31b accessed during the previous week. The daily average volume traded on the interbank market increased to K9.29b from K9.17b the previous week. The average overnight interbank rate decreased to 15.48% from 15.57% the previous week. The RBM mopped up K7.92b through Open Market Operations (OMO) during the week (Source: RBM).

July 2018 Inflation at 9%

Headline inflation rate for July 2018 stands at 9.0%, up by 0.4 percentage points from 8.6% in June 2018. Both Food and Non-food inflation increased to 9.5% and 8.7% respectively, from 9.1% and 8.2% the previous month (Source: NSO). Inflation outlook remains uncertain following the recent rise in energy prices and irregular rainfall pattern during the 2017/18 agricultural season and the attack of fall army worms on crops. We expect the RBM to maintain the current monetary stance in order to counter ensuing inflationary pressures.

Stock market indices				
	24-Aug-18	% Δ		17-Aug-18
MASI	31,284.24	↑ 0.01%		31,281.87
DSI	20,532.92	↑ 0.01%		20,530.76
FSI	8,237.32	→ 0.00%		8,237.32
Market capitalisation (K' b)	1,386.69	↑ 0.01%		1,386.58
Gainers				
	Current price (K)	% Δ		Previous price (K)
NBM	310.02	↑ 0.003%		310.01
TNM	25.02	↑ 0.04%		25.01
Losers				
	Current price (K)	% Δ		Previous price (K)
None				
Treasury Bill auctions				
Tenor (days)	21-Aug-18	% pts Δ		14-Aug-18
91	13.71%	↓ -0.28		13.99%
182	14.50%	→ 0.00		14.50%
364	15.00%	→ 0.00		15.00%
All-type	14.40%	↓ -0.10		14.50%
Allotted (K' m)	938.88	↓ -3422.66		4,361.54
Overall rejection rate	0.00%	↓ -48.22		48.22%
Projected maturities				
Week ending	17-Aug-18	24-Aug-18		Aug-18
TBs, PNs & TNs	4,971	3,979		23,320
OMO	21,173	6,950		104,581
Inflation				
Month	Jul-18	% pts Δ		Jun-18
Rate	9.00%	↑ 0.40		8.60%
Cumulative tobacco sales as at 17th August 2018 (week 19)				
Year	2018	% Δ		2017
Volume (Kg)	178,934,469	↑ 68.00%		106,505,785
Value (USD)	307,615,860	↑ 44.78%		212,467,773
Average price (USD/Kg)	1.72	↓ -13.57%		1.99
% of GDP	6.64	↑ 44.78%		4.59
RBM indicative mid exchange rates				
Currency	24-Aug-18	% Δ		17-Aug-18
USD	726.1646	→ 0.00%		726.1646
GBP	931.4513	↓ 0.81%		923.9718
ZAR	50.5415	↓ 2.08%		49.5135
EUR	840.4629	↓ 1.71%		826.3027
Gross official foreign exchange reserves position				
	23-Aug-18	17-Aug-18		10-Aug-18
Reserves (USD'm)	765.05	752.80		750.83
Import cover (months)	3.66	3.60		3.59

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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