

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 1.65% during the week to close at 29,322.93 points from 28,848.15 points registered in the previous week, due to share price gains in ICON and TNM. The volume of shares traded on the market decreased by 61.85% to 5,037,454 from 13,202,913 the previous week and the value of shares traded significantly decreased to K88.12m from K1.16b the previous week. The year-to-date return on the MASI stands at 1.17% compared to 2.84% recorded during the corresponding period in 2018. There were no trades on the listed bond market - no bond on MSE has ever been traded since its listing (Source: MSE).

ICON Properties, a property development and management firm, was officially listed for the first time on the Malawi Stock Exchange on Monday, 21st January 2018. A total of 6,680,000,000 shares were listed at the unit price of K8.75. During the listing day, ICON share price gained by 37.14% and closed at K12.00 (Source: MSE).

Government securities auctions

A total of K20.42b was raised through auctions for Treasury Bills (TB) and a 7-year Treasury Note (TN) during the week, compared to K22.36b raised the previous week. Applications for TBs amounted K8.89b but K8.75b was allotted, resulting in a 1.65% rejection. The 7-year TN attracted an application of K16.00b (cost value: K11.67b), which was allotted at a weighted average yield to maturity (YTM) of 24.00% (Source: RBM).

The yield for the 91-day TB increased to 11.40% from 11.21% the previous week, whereas the yields for the 182-day and 364-day TBs were stable at 13.00% and 14.00%, respectively. Consequently, the all-type (average) TB yield increased to 12.80% from 12.74% the previous week (Source: RBM). Looking forward, yields on Government securities, and interest rates in general, could continue to face a downward pressure from a possible impact of the interest rate capping bill which is expected be tabled during the next parliamentary sitting beginning mid February 2019. Yields on the shorter end of the yield curve could face an added downward pressure as the authorities focus on longer term borrowing.

Interbank market activity

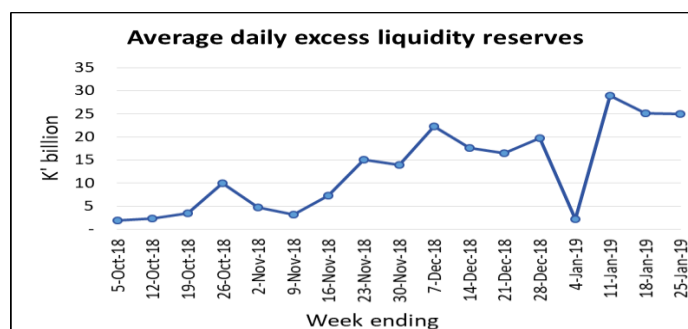
Liquidity levels remained high during the week, with excess liquidity reserves averaging K25.04b per day compared to an average of K25.13b per day in the previous week. The average overnight interbank rate decreased to 8.78% from 12.81% for the previous week. The volume traded on the interbank market increased to a daily average of K10.15b from K4.24b per day the previous week. There was no access to the Lombard Facility during the week as was the case during the previous week and no Open Market Operations (OMOs) were conducted by RBM (Source: RBM).

Foreign exchange market developments

The Kwacha appreciated against EUR during the week but depreciated against USD, GBP and ZAR. The indicative middle rate for USD/MWK closed the week at 729.2654 from 729.1068 the preceding week. Gross official forex reserves stood at USD755.22m (3.61 months of import cover) on 31st December 2018, an increase of 19.65% from USD631.21m (3.04 months of import cover) reported on 30th November 2018 (Source: RBM).

Stock market			
	25-Jan-19	% Δ	18-Jan-19
MASI	29,322.93	↑ 1.65%	28,848.15
DSI	21,622.99	↑ 2.02%	21,194.64
FSI	5,265.12	→ 0.00%	5,265.12
Traded volume	5,037,454	↓ -61.85%	13,202,913
Number of trades	48	↑ 100.00%	24
Value of shares traded (K'm)	88.12	↓ -92.38%	1,156.16
Market capitalisation (K'b)	1,371.36	↑ 6.23%	1,290.90
Gainers			
	Current price (K)	% Δ	Previous price (K)
ICON	12.00	↑ 37.14%	8.75
TNM	28.48	↑ 0.11%	28.45
Losers			
	Current price (K)	% Δ	Previous price (K)
NBM	312.70	↓ 0.00%	312.71
Treasury Bill auctions			
	25-Jan-19	% pts Δ	18-Jan-19
Week ending			
91 days yield	11.40%	↑ 0.18	11.21%
182 days yield	13.00%	→ 0.00	13.00%
364 days yield	14.00%	→ 0.00	14.00%
All-type yield	12.80%	↑ 0.06	12.74%
Applied - cost value (K'm)	8,892.25	↓ -69.25%	28,915.00
Allotted - cost value (K'm)	8,745.50	↓ -57.39%	20,523.95
Overall rejection rate	1.65%	↓ -27.37	29.02%
Treasury Note auctions			
	25-Jan-19	18-Jan-19	11-Jan-19
Week ending			
Tenor	7 Years	7 Years	7 Years
Applied for - face value (K'b)	16.00	2.53	9.84
Allotted - face value (K'b)	16.00	2.53	9.84
Allotted - cost value (K'b)	11.67	1.84	7.12
Allotted - weighted average ytm	24.00%	24.00%	24.00%
Upcoming Treasury Note auctions			
Tenor	Auction date	Settlement date	Current yield
2 years	29-Jan-19	31-Jan-19	15.32%
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%
Inflation			
	Dec-18	% pts Δ	Nov-18
Rate	9.90%	↓ -0.20	10.10%
RBM indicative mid exchange rates			
	25-Jan-19	% Δ	18-Jan-19
USD	729.2654	↓ 0.02%	729.1068
GBP	957.8901	↓ 1.25%	946.0890
ZAR	53.2933	↓ 0.33%	53.1198
EUR	825.9660	↑ -0.53%	830.3797
Gross official foreign exchange reserves position			
	31-Dec-18	30-Nov-18	31-Oct-18
Reserves (USD'm)	755.22	631.21	669.92
Import cover (months)	3.61	3.04	3.20

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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