

MSE trading activity

The Malawi All Share Index (MASI) gained by 2.93% during the week to close at 29109.44 points on account of share price increases in FMBCH, NBM, NITL, OML, PCL and SUNBIRD. The total value traded increased by 614.06% to K4.72b from K660.82m recorded the previous week. A total of 133,524,493 shares were transacted during the week compared to 12,133,390 shares that were traded the previous week. Year to date return on the MASI stands at 34.78% (same period in 2017:16.92%). There was no trade on the listed government securities during the week (*Source: MSE*).

Upcoming Annual General Meetings

Company	Date	Time	Venue
FMBCH	7-Jun-18	15:00hrs	FMB Training Centre, Blantyre
NBM	8-Jun-18	14:00hrs	NBM Learning and Growth Centre, Blantyre
TNM	14-Jun-18	14:00hrs	Sunbird Mount Soche Hotel, Blantyre
SUNBIRD	15-Jun-18	15:30hrs	Sunbird Mount Soche Hotel, Blantyre

Exchange rate movements

The Kwacha was steady against the USD during the week but appreciated against GBP and EUR and marginally depreciated against ZAR. Gross official reserves increased to USD660.51m (3.16 months of imports) as at 24th May 2018 from USD658.56m (3.15 months of imports) recorded on 18th May 2018 (*Source: RBM*). It is expected that the Kwacha will remain stable in the short to medium term as foreign exchange inflows improve during the Tobacco marketing season.

Treasury Bill auctions

The Government raised a total of K4.96b through Treasury Bill auctions during the week, compared to K6.46b raised in the previous week. The auctions registered a 38.63% rejection rate. The average yield was steady at 14.50% (*Source: RBM*). Looking forward, Treasury Bill yields could remain steady for some time amid uncertainties regarding inflation. If inflation remains relatively low in the medium term, the yields could decline as the authorities target cheaper funds.

Interbank market activity

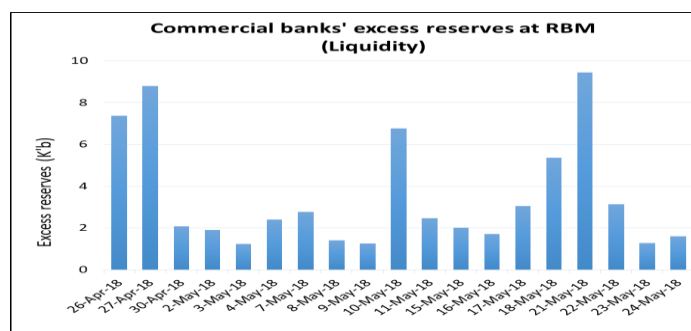
Liquidity increased by 63.50% during the week to a daily average of K4.17b from K2.31b the previous week. Consequently, the average overnight interbank rate marginally decreased to 15.85% from 15.89%. The daily average volume traded on the interbank market increased to K11.32b from K10.96b the previous week. A total of K24.78b was accessed on the Lombard Facility at a rate of 18.00%, compared to K52.69b during the previous week at the same rate. No mop-up open market operations (OMO) were conducted by RBM (*Source: RBM*). Increased upward liquidity pressures are anticipated during the agricultural marketing season and the RBM is expected to intensify mop-up operations during the period in order to reduce unfavorable effects of liquidity on inflation.

April 2018 Inflation rate at 9.7%

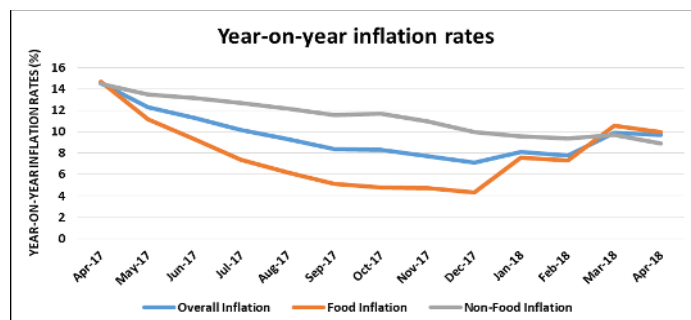
Headline inflation rate for April 2018 stands at 9.7%, a marginal decline from 9.9% in March 2018. Food and Non-food inflation rates stand at 10.0% and 8.9%, respectively. Inflation outlook remains uncertain following an irregular rainfall pattern during the 2017/18 agricultural season and the attack of fall army worms on crops. The monetary authorities however, are expected to maintain the current monetary stance in order to counter unfavourable impact of the weather shocks on inflation.

Stock market indices				
	25-May-18	% Δ	18-May-18	
MASI	29109.44	↑ 2.93%	28280.28	
DSI	19033.92	↑ 1.46%	18760.42	
FSI	7738.28	↑ 6.88%	7240.21	
Market capitalisation (K' b)	15,817.85	↑ 0.70%	15,707.30	
Value of shares traded (K' m)	4,718.66	↑ 614.06%	660.82	
Gainers				
	Current price (K)	% Δ	Previous price (K)	
FMBCH	150.00	↑ 7.14%	140.00	
NBM	300.00	↑ 1.01%	297.00	
NITL	69.51	↑ 9.46%	63.50	
OML	2950.00	↑ 0.51%	2935.01	
PCL	770.00	↑ 13.24%	680.00	
SUNBIRD	145.00	↑ 0.69%	144.00	
Losers				
None				
Average Treasury Bill yields				
Tenor (days)	Auctions held on 21, 22, 24 and 25	% pts Δ	Auctions held on 15, 17 and 18	
91	14.00%	→ 0.00	14.00%	
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)	3123.81	↓ 3123.81	0.00	
Allotted (K' m)	4,963.28	↓ -23.12%	6,455.86	
Expected maturities				
	25-May-18	1-Jun-18	8-Jun-18	
TBs, PNs & TNs	4,474	3,238	8,666	
OMO	10,948	4,974	5,343	
Inflation				
Month	Apr-18	% pts Δ	Mar-18	
Rate	9.70%	↓ -0.20	9.90%	
Cumulative tobacco sales (week 4)				
Year	2018	% Δ	2017	
Volume (Kg)	49,739,959	↑ 80.77%	27,516,157	
Value (USD)	78,947,574	↑ 59.15%	49,604,904	
Average price (USD/Kg)	1.59	↓ -11.67%	1.80	
% of GDP	1.38	↑ 59.15%	0.87	
RBM indicative mid exchange rates				
Currency	25-May-18	% Δ	18-May-18	
USD	726.0382	→ 0.00%	726.0382	
GBP	970.2048	↑ -1.15%	981.4584	
ZAR	58.4553	↓ 0.99%	57.8802	
EUR	850.0455	↑ -0.86%	857.3785	
Gross official foreign exchange reserve position				
	24-May-18	18-May-18	11-May-18	
Reserves (USD'm)	660.51	658.56	658.19	
Import cover (months)	3.16	3.15	3.15	

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)



(Source: NSO)

Disclaimer: The views expressed in this report are those of the authors 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 any of the authors, 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.